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# Japan Report



FOREIGN BROADCAST INFORMATION SERVICE

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18 March 1985

## JAPAN REPORT

## CONTENTS

## POLITICAL AND SOCIOLOGICAL

Nakasone Meets British 2000 Group: Talks End (KYODO, 6 Feb 85).....	1
Briefs	
Peng Zhen To Address Diet	2
Nakasone Addresses Rally	2
Berlin Wall Visit Hoped	2
Mideast Visit Possible	3
Food Aid to Kampuchea	3

## ECONOMIC

Bank Governor Testifies Before Diet on Yen Rate (KYODO, 8 Feb 85).....	4
Isuzu Motors Hopes To Boost Exports to U.S. (KYODO, 8 Feb 85).....	5
Isuzu To Establish Joint Truck Firm in China (KYODO, 8 Feb 85).....	6
Canadian Trade Minister Speaks to Press in Tokyo (Sei Ogawa; KYODO, 8 Feb 85).....	7
Officials Report on Quadrilateral Trade Talks (Sei Ogawa; KYODO, 9 Feb 85).....	9
Technology Trade Statistics Reported (LOOK JAPAN, 10 Jan 85).....	11
Trade Union Leader Seeks 8-Percent Pay Increase (KYODO, 7 Feb 85).....	12

Labor Council Ends Convention on Action Plans (KYODO, 8 Feb 85).....	13
MITI Bill To Control Information Services (KYODO, 6 Feb 85).....	14
New Administration, Personnel of Future NTT Reported (Kazuki Senzoku; ZAIKAI TEMBO, Oct 84).....	15
Japanese Distribution System Called Complicated, Incomprehensible (Shuzo Koyama; LOOK JAPAN, 10 Dec 84).....	75
Calls for More Government Support of Basic Research (Isamu Yamashita Interview; LOOK JAPAN, 10 Dec 84)....	80
<b>Briefs</b>	
Trade Discussions	83
Aid to Thailand	83
Loans to Pakistan	83
Ricoh Memory Chips	83
Yen Support Measures Considered	84
PRC Refrigeration Plant Order	84
Skyscraper Design Technology	84
Aid to Madagascar	85
Leasing Company in Shanghai	85
Supplementary Budget	85
Keidanren To Visit Philippines, Thailand	85



POLITICAL AND SOCIOLOGICAL

NAKASONE MEETS BRITISH 2000 GROUP: TALKS END

OWO61015 Tokyo KYODO in English 1002 GMT 6 Feb 85

[Text] Tokyo, 6 February (KYODO)--Following 2 days of "exploratory" talks in Oiso, Kanagawa Prefecture, British Chairman of the Japan-United Kingdom 2000 Group James Prior said Wednesday that the occasion provided an opportunity for a high-powered discussion of bilateral problems and misconceptions. The British and Japanese chairmen of the 2000 Group, consisting of 14 private and government sector representatives on each side, told reporters at the Japan National Press Center that "active and exploratory" talks Monday and Tuesday covered the areas of mutual perceptions, domestic and world economies, defense and security.

Conservative Member of Parliament and 2000 Group participant Richard Needham pointed out that it is time for the Japanese to see the New Britain, "In Japan there is still talk of the 'British disease,' but in the last 2 to 3 years there has been a significant change with increased profitability, productivity and more effective management."

Members of the British side also called for an increase in Japan's defense expenditure, as well as a greater contribution to Pacific defense.

According to Prior, a conservative parliamentarian and former secretary of state for Northern Ireland, with Britain's experience in Asia, it should join with Japan to help the United States with its Asian defense.

Japanese Chairman and former Ambassador to Britain Tadao Kato said that discussions at the conference, the first annual one in a 15-year project up to the year 2000, touched on many areas of common interest, including the current bilateral trade imbalance. Prior to the 2000 Group's London meeting in 1986, a number of joint study groups will be sponsored to deal with areas of mutual interest and concern. Impact of technical change on industry and employment in Japan and Britain and high technology in manufacturing processes will be two areas of proposed exchange.

During a luncheon meeting Wednesday at his official residence, Prime Minister Yasuhiro Nakasone told the Japan-U.K. 2000 Group, "Our two countries share the same values of freedom, democracy and a free economy, so there is a great possibility that we can work together for world peace and security." He added, "For this reason, it is important that the intellectuals of our two nations conduct in-depth discussions."

POLITICAL AND SOCIOLOGICAL

BRIEFS

PENG ZHEN TO ADDRESS DIET--Tokyo, 7 February (KYODO)--China's parliamentary leader Peng Zhen will address the Diet when he visits Japan later this year, Diet sources said Thursday. All political parties met at a session of the Lower House Steering Committee Thursday and agreed to accept Peng's hope to deliver a speech to the Diet, the sources said. The speaker of the House of Representatives and the president of the House of Councillors have invited Peng, chairman of the Standing Committee of the National People's Congress (Parliament), to visit Japan. He is expected to come to Tokyo as early as April, the sources said. Peng will be the first foreign guest of the legislature to address the Diet. Usually, state or government guests address the Diet. In 1983, U.S. President Ronald Reagan, who was a state guest, and Chinese Communist Party Leader Hu Yaobang, a government guest, spoke to the Plenary Session of the Diet. Peng conveyed his wish to speak at the Diet through the Dietmen's League for Japan-China Friendship led by former Foreign Minister Masayoshi Ito, the sources said. [Text] [Tokyo KYODO in English 0909 GMT 7 Feb 85 OW]

NAKASONE ADDRESSES RALLY--Tokyo, 7 February (KYODO)--Prime Minister Yasuhiro Nakasone declared Thursday that Japan will continue to seek the return of northern islands held under Soviet control since the end of World War II. The premier's statement on his government's determination to carry out diplomatic negotiations with tenacity came at a national rally for the return of northern territories. The meeting, attended by some 1,500 people, took place in Tokyo Thursday on the occasion of "Northern Territories Day." Nakasone said Japan and the Soviet Union have resumed a variety of interchanges in postwar years, but added that the territorial issue is "still severe." He said Japanese people's united public opinion and powerful support are the strongest force sustaining diplomatic negotiations. Nakasone said he is convinced that the Japanese desire to realize the return of the four islands of Hokkaido will "certainly be achieved." [Text] [Tokyo KYODO in English 0354 GMT 7 Feb 85 OW]

BERLIN WALL VISIT HOPED--Tokyo, 7 February (KYODO)--Prime Minister Yasuhiro Nakasone expressed interest Thursday in visiting West Berlin in May to see the Berlin Wall. The premier is scheduled to visit Bonn in early May for the annual summit of industrially advanced nations. He told newsmen that he has instructed the Foreign Ministry to see if it would be possible for him to go to West Berlin. He would be the first postwar Japanese prime minister to visit the divided city. "If circumstances permit, I would like to see (the wall),"

Nakasone said. He pointed out that his government has to deal with the reconstruction of the former Japanese Embassy in Berlin, the ruins of which have been left since the building was bombed in the last stage of World War II. [Text] [Tokyo KYODO in English 0239 GMT 7 Feb 85 OW]

MIDEAST VISIT POSSIBLE--Tokyo, 8 February (KYODO)--Foreign Minister Shintaro Abe Friday officially expressed his desire to visit the Middle East shortly in order to find clues to peace in the region through an exchange of frank opinions with the leaders of Mid-Eastern Countries. Naming such countries as Saudi Arabia, Algeria and Syria, Abe expressed his desire to visit the region at an early date--even while the current Diet (parliament) is in session, if he can obtain the approval of the Diet. Abe made the remarks at a meeting of the House of Representatives Budget Committee Friday afternoon. The Foreign Ministry has unofficially been studying the possibility of Abe visiting the Middle East prior to the Bonn Summit 2-4 May. [Text] [Tokyo KYODO in English 1233 GMT 8 Feb 85 OW]

FOOD AID TO KAMPUCHEA--Tokyo, 8 February (KYODO)--The Japanese Government will allocate 20.76 million yen (80,000 dollars) to transport 110 tons of crackers to Kampuchean refugees, many of them displaced by fresh fighting along the Thai-Kampuchean border, a government announcement said Friday. Prime Minister Yasuhiro Nakasone's Cabinet made the decision during a Friday morning session in which Foreign Minister Shintaro Abe explained the provision of crackers through the world food program. The crackers were donated by various municipal wards and neighboring communities in Tokyo which had stockpiled them for emergency use. A Foreign Ministry official said the crackers may reach refugee camps along the Thai-Kampuchean border later this month at the earliest. Abe told the Cabinet session many Kampucheans are facing a food shortage after being driven out of their war-torn country. [Text] [Tokyo KYODO in English 0003 GMT 8 Feb 85 OW]

CSO: 4100/210

ECONOMIC

BANK GOVERNOR TESTIFIES BEFORE DIET ON YEN RATE

OW080915 Tokyo KYODO in English 0837 GMT 8 Feb 85

[Text] Tokyo, 8 February KYODO--The Bank of Japan governor, testifying at a Diet committee session Friday, denied his bank is trying to guide interest rates higher in an effort to bolster the yen.

Satoshi Sumita told the House of Representatives Budget Committee that the situation is not yet that bad.

But he expressed determination to intervene in the foreign exchange market promptly to keep the yen from falling further in value in relation to the U.S. dollar in accordance with last month's agreement at a meeting of finance ministers from industrial countries.

Sumita blamed the upsurge in the dollar's value on persistent speculation that U.S. interest rates would go still higher and the market's "excessive" response to the speculative expectations.

Amid rumors about the central bank move, the call money rate or the Japanese version of the U.S. federal funds rate that banks pay for borrowed money overnight, has come under severe upward pressure as has the bond market.

The call rate shot up to 6.25 percent Friday, compared with 6.125 percent Thursday.

The interest rate worries sent bond prices plummeting. The Bellwether 7.3 percent government bond issue carrying about 9 years in maturities, for example, sold for 102.42 at Friday's close, down from 102.99 the previous day.

In inverse proportion, the yield on the issue jumped to 6.86 percent, compared with 6.76 percent Thursday and 6.53 percent a week earlier. It reached 7.06 percent at one point, topping the 7 percent mark for the first time in 4 months.

At a biweekly press conference Wednesday, Sumita indicated his bank is considering imposing a surcharge to the discount rate under its never-used facility similar to West Germany's Lombard rate.

His remarks touched off the rumors, sending shivers through the bond market. The resultant uproar set off sell-offs, sending prices into a broad tumble, market analysts said.

ECONOMIC

ISUZU MOTORS HOPES TO BOOST EXPORTS TO U.S.

OW081257 Tokyo KYODO in English 1159 GMT 8 Feb 85

[Text] Tokyo, 8 February KYODO--Kazuo Tobiyama, president of Isuzu Motors, Ltd expressed his hope Friday for an increase in the firm's passenger car exports to the United States by 100,000 units a year to 150,000 units once Japanese automakers' voluntary restraint on U.S.-bound car shipments, now in its 4th year, is lifted at the end of March.

Isuzu is looking forward to the lifting of the voluntary ceiling of 1.85 million units a year, he told newsmen.

The firm's annual quota under the ceiling is about 50,000 units.

Tobiyama discounted the possibility of a sharp rise in car exports to the United States if the voluntary restraint is terminated.

Exports of Suzuki Motor Co and Mitsubishi Motors Corp as well as Isuzu will increase sizably, but those of other automakers are unlikely to make appreciable gains in view of their marketing capacities, he said.

Isuzu and Suzuki have plans to supply cars to General Motors Corp (GM), while Mitsubishi's quota is relatively small.

Japanese automakers are all against any further extension of the voluntary restraint, started in 1981 to help bail out the then hard-pressed U.S. auto industry, on the ground U.S. automakers have completely recovered.

At present, the self-imposed export quota is apportioned among Japanese automakers according to their past export records.

Smaller car makers like Isuzu, Suzuki and Mitsubishi are dissatisfied with the big quotas allotted to major automakers.

CSO: 4100/210

ECONOMIC

ISUZU TO ESTABLISH JOINT TRUCK FIRM IN CHINA

OW081301 Tokyo KYODO in English 1148 GMT 8 Feb 85

[Text] Tokyo, 8 February (KYODO)--Isuzu Motors Ltd announced Friday that it will establish a joint firm later this month together with Chongqing Automotive Industry Corp to produce 1,000 pickup trucks annually in Chongqing City, Sichuan Province.

Representing the first Sino-Japanese joint venture in auto production, the new firm Qingling Motors Corp, will start assembly in April from Japanese parts, and plans to increase annual production to 10,000-15,000 units in future, while gradually raising the local content, said a spokesman for the Japanese maker.

The production of the 1.5-1.75-ton truck, called "elf," will be conducted at the Chinese corporation's existing plant, he said.

Capitalized at 100 million yen (384,000 dollars), Qingling Motors will be owned 75 percent by Chongqing automotive industry, 15 percent by Isuzu motors and 10 percent by other Chinese interests, he said.

It is being established to meet the growing demand for pickup trucks in farmlands in southwestern parts of China and will start with about 50 employees. The ultimate work force target is some 800, the spokesman said.

So far, two major Japanese automakers have signed technical aid contracts with Chinese interests for the production of light commercial vehicles.

In March last year, Daihatsu Motor Co signed a technical contract with Tianjin Automotive Industry Corp, and this was followed by similar contract in July last year between Suzuki Motor Co and China National Aero-Technology Import and Export Corp.

CSO: 4100/210



ECONOMIC

CANADIAN TRADE MINISTER SPEAKS TO PRESS IN TOKYO

OW081143 Tokyo KYODO in English 0915 GMT 8 Feb 85

[By Sei Ogawa]

[Text] Tokyo, 8 February KYODO--Canadian Minister for International Trade James Kelleher said Friday that his country strongly supports the U.S. and Japanese positions on starting a new round of multilateral trade talks in 1986.

Speaking to the press at a Tokyo hotel, Kelleher said that Canada certainly feels that less developed countries should be involved in a new round of General Agreement on Tariffs and Trade (GATT) negotiations.

Kelleher arrived in Tokyo Wednesday to attend a quadrilateral trade ministers' conference starting Saturday in Kyoto.

Prior to the press briefing, Kelleher said in an address to a luncheon hosted by the Canadian Chamber of Commerce in Japan he hopes to explore with his colleagues from Japan, Europe and the United States, "the initiatives that we might individually and collectively take to bring a new round of negotiations closer to multilateral reality."

The new round "should provide an opportunity to reduce further the tariff barriers to trade, to tighten discipline on the use of nontariff measures, to facilitate the adjustment of industries which are internationally threatened and to secure commitments to multilateral trading obligations from newly industrialized and developing countries," he said.

"As economic summit partners we must examine, on a priority basis, the preparations necessary for a new round and the opportunities it might present for new areas such as trade in services and high-technology products and trade-related investment regulations, as they emerge."

Touching on a Japanese auto export restraint to Canada expiring at the end of next month, he told reporters that Canada is "examining various factors and options involved and will be making decisions on this question prior to the end of March."

On another Japanese restraint on car exports to the United States also expiring the same time, Kelleher said, "in my understanding the United States will not make any decision on this matter until the end of February."

He said the withdrawal of Osaka Gas Co from a bilateral liquefied natural gas (LNG) project will not be a fatal blow to the plan.

"Both Japanese and Canadian parties will get together next Monday and discuss development and results," he said.

"The deal is not dead," he said. "It is still alive and healthy."

Touching on growing automobile exports from South Korea, Kelleher said, "We will review the (automobile import) situation until the end of March and the South Korean automobile (issue) will be in that review."

CSO: 4106/210



ECONOMIC

OFFICIALS REPORT ON QUADRILATERAL TRADE TALKS

OWO91225 Tokyo KYODO in English 1118 GMT 9 Feb 85

[By Sei Ogawa]

[Text] Kyoto, 9 February KYODO--A quadrilateral trade ministers' meeting aimed at rolling back trade protectionism and promoting preparations for a new round of multilateral trade negotiations started with a cocktail party in Kyoto on Saturday night.

The cocktail party and dinner, hosted by Japanese International Trade and Industry Minister Keiji Murata, reflected the informal nature of the 3-day meeting, the ninth of its kind, Japanese officials said.

United States Trade Representative William Brock, European Community Commissioner for External Relations Willy De Clercq, Canadian Minister for International Trade James Killefer and Murata will start substantive talks Sunday morning when they meet at the Kyoto International Conference Hall for general discussions, the officials said.

Dressed in casual clothes, the four trade ministers hope to increase mutual understanding through "heart-to-heart" free talks, they said.

As in the previous eight meetings, there will be no special agenda, ensuring an informal atmosphere for discussions among representatives of the four major free economies, the officials said.

Discussions among the trade specialists of the four regions, whose overall trade accounts for some 60 percent of world trade, will be centered on ways to start preparations for a new round of negotiations under the auspices of general agreement on tariffs and trade (GATT) this year to lower trade barriers and check protectionist moves, according to the officials.

Japan and the United States are very eager to prepare the ground for full-scale negotiations on a new round to start in 1986, the officials said. The new round would follow the 1973-79 Tokyo round. An agreement under the Tokyo round calls for tariff cuts and other trade-liberalizing measures to be carried out in 1980-87.

The two countries will try to win full support from the EC and Canada in a bid to ensure the participation of all GATT countries in the proposed talks, the officials said.

The Kyoto meeting will discuss ways to include less developed countries in the projected new round. They have reportedly been unenthusiastic about the new round because it is expected to include services, high-technology products and other items dominated by developed nations.

The meeting will also be important in reflecting the way in which the four ministers are representing their new governments and leadership, the officials said.

It will be the first quadrilateral trade meeting for Brock as a member of the second Reagan administration. He initiated the first Florida meeting in January 1982.

De Clercq, former Belgian finance minister, took his EC post last month, Murata became the MITI head last October and Kelleher assumed his cabinet post last September.

The start of Saturday's cocktail party and dinner at the Miyako Hotel was attended by De Clercq, Kelleher and his wife Helen and Murata and his wife Mitsuko.

Brock arrived later in the evening from Kuala Lumpur following his Southeast Asian trip, and then joined the party.

The four ministers will have a second and final general session Monday morning, a Japanese national holiday, to be followed by a press conference given by Murata.

Besides the general meeting, Murata will meet Brock Sunday evening to confer on bilateral issues, the officials said.

Murata will also have a bilateral meeting with De Clercq at midday on Monday before his press conference, they said.

CSO: 4100/210

# ECONOMIC

## TECHNOLOGY TRADE STATISTICS REPORTED

Tokyo LOOK JAPAN in English 10 Jan 85 p 11

[Text]

Patents on utility models (improved designs) and technological know-how are the results of research and development. International trade in licenses, copyright transfer, or rental permission is called technology trade.

According to the Statistics Bureau of the Management and Coordination Agency, Japan has a deficit in its technology trade account: import of technology amounted to \$1.13 billion, while export was \$0.74 billion (in 1982). Thus the balance of foreign trade in technology showed a shortfall of \$0.39 billion. The deficit in technology trade has continued at least since 1971, when such statistics became available.

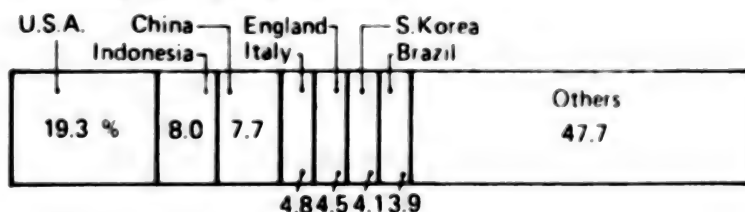
However, the deficit has gradually decreased. The ratio of technology export to import was 0.20 in 1971, 0.55 in 1979 and 0.65 in 1982.

The Bank of Japan's statistics gave the ratio as 21.18 in the U.S. (1982), 1.24 in England and 1.71 in France (1980), indicating the extent of their technology trade surpluses. The ratio in West Germany was 0.51 in 1981. U.S. technology export in 1981 reached \$7.1 billion, ten times Japan's.

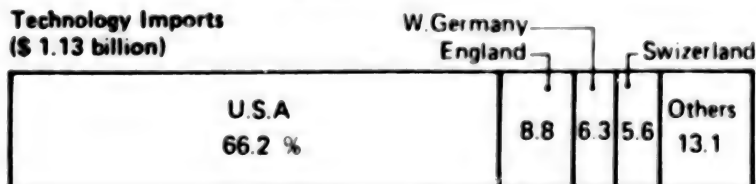
Who are Japan's technology trade partners? In 1982, 19.3% of Japan's exported technology went to the U.S., 8.0% to Indonesia, and 7.7% to

### Japan's Technology Trade (1982)

#### Technology Exports (\$ 0.74 billion)



#### Technology Imports (\$ 1.13 billion)



Source: Statistics Bureau of the Management and Coordination Agency

China. 66.2% of Japan's imported technology came from the U.S. Compared to the 1982 U.S. share of Japan's total exports (26.2%) and imports (18.3%), it is obvious that Japan still depends heavily on the U.S. in technology trade.

CSO: 4100/234

ECONOMIC

TRADE UNION LEADER SEEKS 8-PERCENT PAY INCREASE

OW070415 Tokyo KYODO in English 0214 GMT 7 Feb 85

[Text] Kawasaki, Kanagawa Prefecture, 7 February, KYODO--The top leader of Japan's Sohyo Labor Union Federation called Thursday for a strong campaign to seek a higher pay increase for workers in the spring.

Takeshi Kurokawa, chairman of the General Council of Trade Unions of Japan (Sohyo) made the remarks in a speech at the opening of Sohyo's 2-day special convention here.

Kurokawa said the nation's economic environment is favorable both in terms of economic growth and corporate earnings.

"The economic situation now is in a state of being easily able to absorb an 8 percent wage increase (demanded by Sohyo)," he said.

"We should deeply engrave in our minds that unions and management are on an equal footing only when we go into negotiations with the right to strike," he added.

Earlier, Sohyo announced it would seek an average 8 percent--about 20,000 yen (about 77 dollars)--wage hike in the annual spring labor struggle this year. Last year's pay raise was slightly higher than 4 percent.

Kurokawa also called on Prime Minister Yasuhiro Nakasone's government to uphold the policy of keeping defense outlays within 1 percent of the country's gross national product.

He charged that the government was trying to change the policy, originally established in 1976 by the government of Prime Minister Takeo Miki, using the issue of raising government employees' pay as a "lever."

Kurokawa contended that the government should reduce expenditures for military hardware if it is difficult to hold defense spending within 1 percent of the GNP.

Noting that 1985 marks the 40th anniversary of the atomic bombing of Hiroshima and Nagasaki, Kurokawa said Sohyo plans to mobilize a million people for mass rallies across the nation this autumn in a campaign to stop the country from becoming a military power and to drive Nakasone out of power.

ECONOMIC

LABOR COUNCIL ENDS CONVENTION ON ACTION PLANS

OWO81147 Tokyo KYODO in English 1043 GMT 8 Feb 85

[Text] Kawasaki, Kanagawa Prefecture, 8 February (KYODO)--The General Council of Trade Unions of Japan (Sohyo) Friday wound up a 2-day special convention here after adopting action plans for this spring's labor offensive.

The plans of the nation's largest labor organization call chiefly for a workers' wage hike of over 8 percent or 20,000 yen a month and for shorter working hours.

The plans also call for hardline struggle tactics, including strikes, to press management on the demands in the coming spring labor offensive.

Sohyo set the showdown period for major private-sector unions for the second week of April and that for government-labor negotiations for later in April in order to mount a more powerful offensive than last spring's.

Sohyo also decided to set up a headquarters to give support to small and medium company workers' unions in their spring labor offensive.

As for reduction of working hours, the action plans call for a 40-hour, 5-day work week, a yearly workload of less than 2,000 hours, and three long holidays in summer and two other seasons.

Sohyo also confirmed the intention to hold unified strikes of approximately 30 minutes each in mid and late March to oppose a pension reform bill now under Diet deliberations.

CSO: 4100/210

ECONOMIC

MITI BILL TO CONTROL INFORMATION SERVICES

OW060447 Tokyo KYODO in English 0333 GMT 6 Feb 85

[Text] Tokyo, 6 February (KYODO)--The government has worked out a draft bill to provide a basis for future controls over information services.

The bill proposed by the Ministry of International Trade and Industry (MITI) aims to provide a legal basis for the healthy growth and smooth operations of such services, officials said.

MITI plans to introduce the bill in the current Diet session after coordinating views with the posts and telecommunications, finance, transport and other ministries and agencies.

MITI fears the absence of such legislation would undermine efforts to develop a healthy information society in the wake of the denationalization of telecommunications services next April.

The legislation, a completely revised version of the existing law, is intended to prevent, among other things, the leakage of computer data, which could have a serious impact, the officials said.

The coordination of views between MITI and the Postal Ministry may hit a snag over the final working of the legislation, however.

The Postal Ministry also is aiming to introduce a similar bill in the Diet soon.

The two ministries scopes of responsibility overlap in some key areas of bureaucratic control over high-technology telecommunications services.

CSO: 4100/210

## ECONOMIC

### NEW ADMINISTRATION, PERSONNEL OF FUTURE NTT REPORTED

Tokyo ZAIKAI TEMBO in Japanese Oct 84 pp 32-57

[Article by Kazuki Senzoku, economic journalist: "A New Study of Personal Affiliations and Contacts for Highly Advanced Information Society"]

[Text] The Ministry of Posts and Telecommunications Bureaucrats Counterattack in Indignation Over "Revisions of a Bill" Over Their 'heads

A dispute between the Ministry of Finance and the Ministry of Posts and Telecommunications: There are in circulation several episodes that bespeak the lack of influence-peddling power that the Ministry of Posts and Telecommunications (MPT) can wield. These are all about the ministry's confrontation with the Ministry of Finance over the issue of automatic teller machines installed at the post offices. The crux of the confrontation was whether or not these so-called CD's and ATM's should be kept in operation on Saturdays. The financial institutions and post offices close their doors on the second Saturday of the month. The rationale for this was ostensibly "to expedite the adoption of a 5-day-a-week system nationwide," a reasoning not comprehensible to people except those involved. The decision has been reached with the consent of the employees. In starting the Saturday-off system last year, the MPT, however, attached a condition that "when a national holiday falls on a Monday, we consider it an exception to the rules, and the post offices will be open for the benefit of customers." The MPT's judgment, ostensibly, is that closing the doors of the post offices for 3 days successively would have a grave adverse effect on the living of the people. For that matter, the common sense dictates that the post office windows for savings and deposits should also be kept open on the second Saturday of the month that comes under the rule of the aforementioned exception. The reality, however, is that access to the CD's and ATM's is denied, as well as the windows for savings accounts.

In October of last year, the MPT announced the following "statement." "From now on, when Saturday is the first day of a 3-day holiday, savings windows at the post offices will not be open for business on that day, but CD's and ATM's will be on-line." From the point of view of users, there is nothing incongruous about the MPT statement. It would rather seem queer if post office windows that are open for business were not going to accept deposits for savings. Upon receiving an objection from the Ministry of Finance, the MPT abandoned a few days later its plan of keeping CD on-line.



As commented by reporters assigned to cover the Ministry of Finance, the MPT's Postal Savings Bureau is generally referred to as "Savings Bureau of the Ministry of Finance." "The operation of all money that the post offices take in in savings is entrusted with the Ministry of Finance's Capital Management Department. The Ministry of Finance would suffer if the amount of money from postal savings were to diminish because this means the ministry would have a smaller pool of funds for financing government fiscal policies. But what the Ministry of Finance bureaucrats are afraid of the most is to incur the wrath of the banks--their prospective employers when they retire from government office. Consequently, the Ministry of Finance, it seems, had objected to the MPT plan to take in savings while other financial institutions are closed," according to reporters on the economic desk.

How to manage the post offices is a matter that totally falls under the jurisdiction of the Ministry of Posts and Telecommunications, and theoretically the Ministry of Finance should have no authority to interfere with MPT policies. The Ministry of Posts and Telecommunications could object to the Ministry of Finance policy to permit increased building of bank branches, but the chances of the MPT lodging such a protest are one in a thousand. The balance of power between the Ministry of Finance and the Ministry of Posts and Telecommunications is typically represented in the phrase, "The MPT is unable to make decisions on its own affairs."

#### The Confrontation Over VAN Between the Ministry of Posts and Telecommunications and the Ministry of International Trade and Industry

The "powerlessness" of the MPT has again played itself out in the so-called "VAN dispute" that has flared up between the ministry and the Ministry of International Trade and Industry (MITI). VAN is a new type of media called value-added communications network, in which data other than telephone calls is transmitted using a telephone channel. It is totally incomprehensible to outsiders whether VAN falls into the category of information industry as claimed by the MITI or is a form of communications as the MPT insists. Anyway, the two ministries were pitted against each other over the jurisdiction over VAN.

As described in the Nippon Telegraph and Telephone Public Corporation Bill and the Telecommunications Business Bill that the MPT presented for review by the Policy Deliberation Commission of the Liberal-Democratic Party on 16 February of this year, equity participation by foreign capital in large-scale VAN systems will be restricted from the standpoint of national sovereignty. Ordinary VAN will need to report to the MPT, accompanied by lists of facilities and equipment, and others. While large-scale VAN systems (the so-called special B-category of businesses in the aforementioned bill) need a license to operate.

However, the MITI who is totally opposed to any kind of regulations on VAN protested to the contents of the above Telecommunications Business Bill. As a result, in the draft bill presented to the Diet the restriction on foreign capital in the special B-category of systems was eliminated, the phrase "a license to operate" was changed to the word "registration," and ordinary VAN systems only needed to report to authorities, accompanied by no documents listing their facilities and equipment. These alterations turned out to be



"weak points" in the bill's deliberations in the Diet, drawing fire from the opposition parties. In this respect, one cannot but feel a sympathy with the Ministry of Posts and Telecommunications.

The MITI, to begin with, had found fault with the MPT version of the bill with an objective of protecting the interests of the information processing industry under its jurisdiction. The writer doubts if the ministry guarding itself with a web of business laws such as the Petroleum Enterprises Act and the Electricity Enterprises Act has any qualifications to criticize regulations of business activity by other ministries. But being clever bureaucrats as they are, MITI officials mobilized every conceivable theory in their defense. Although they did not say so bluntly, the last trump card the MITI officials reportedly used, was, "We would think it would hardly convince the United States."

"It is all right with me, but he will not be satisfied with it," or "I understand perfectly what you are saying, but the society as a whole will not take it"--these are ways of refuting others most fondly used by the Japanese. That is, this is a method of negotiation, in which while avoiding bringing oneself into a position of accountability, the "weak points" of the opponent are made the most of. While the argument stayed at the level of between the MITI and the MPT, it at least had an appearance of serious discussion of VAN--so it is said. But from the moment the forum of deliberation shifted (or was forced to do so) to the Liberal-Democratic Party, the MPT had completely been placed on the outside of the game and talk had progressed over their heads. There is no doubt that the MPT bureaucrats must have shed tears of sorrow over their powerlessness. What a pity it is that the ministry officials have had to suffer such a humiliation: the draft bill that they sent to various government ministries for reference or information had been revised over their heads before it was presented to the Cabinet.

As told by MPT officials, they were informed of only the results of what had been decided. "On 20 March, the two ministers from the MPT and the MITI had talked for several hours with no bureaucrats in attendance. At that time, officials were standing by in another room but they reportedly were rarely consulted. The talk between the two ministers after all failed to reach any agreement and the buck went to the Liberal-Democratic Party for arbitration. The whole process was a disgrace for the MPT."

After consultations with the four executive members of the party, Chairman of the Policy Affairs Research Council of the LDP, Fujio, announced in early April an arbitration but the MPT officials had reportedly never been informed of its contents in advance. The MPI has a reputation as a government agency strong in elections. Post office workers are found everywhere across the nation, and the constituency centered on postmasters of the privately-owned post offices and their employees, in particular, has proved to be a great force in elections. In fact, none of the candidates supported by the constituency failed to win a seat in the Diet in the last elections for the House of Representatives. The ministry displays a vote-getting capability by far larger than that of other government agencies. The Defense Agency and other government ministries and agencies even failed to have their own ministers reelected to the Diet.

The MPT's prowess ends there. It has a pool of a large number of "lobbyists," but its ability to conduct negotiations is poor. The MPT bureaucrats were no match to the MITI officials who boast of being professionals in a slugfest and who have accumulated know-how on how to control the industry.

"The balance of power won't be the same after the bills pertaining to the reorganization of the Nippon Telegraph and Telephone Public Corporation have passed the Diet," declare the aforementioned concerned people expectantly. "Until now, we surely have been a third rate ministry. But once the current draft bills have become laws, these laws, although they may be partially different from the legislative bills, will have legally established that the MPT is the government agency having jurisdiction over all kinds of communications including VAN. We can make a great leap forward because virtually every industry is dependent on communications. The management structure of the Nippon Telegraph and Telephone Public Corporation as a government-owned enterprise has conversely been working as a brake in expanding our influence-peddling power. Once the public corporation is handed over to a private management, our administrative power over the new private entity will expand, and so will our administrative authority." What this seems to mean in everyday language is, that for bureaucrats, loose regulation rather than strict control, brings forth many hidden benefits.

For example, when a big private company is going to start its own communications system by leasing a channel from the NTT, at present the enterprise is subject to restrictions as to the charges and the contents of the service. But after telecommunications have been deregulated to some extent, there will conversely emerge room for administrative intervention by the MPT. It is duly anticipated that the ministry at least will attempt to establish personnel connections with private firms. Big private corporations annually spend several hundred million yen for communications. If the bill could be reduced by even a tenth, that much alone would more than pay for hiring a retired government official for many firms. The writer is not saying that the development of things will unfold as mentioned above, but is merely suggesting that there is a possibility.

Recent MPT movements attest to this possibility. The "prohibition against wearing sandals" has been introduced, partly in sarcasm and partly in a jest, in the newspapers and weeklies. The episode had its origin in the directive that the ministry's administrative vice minister Morizumi had issued prohibiting the ministry employees from wearing sandals during working hours. It was accepted by the public at large that the incident led to an exchange of foolish arguments, such as, "Sandals are helpful in protecting a person from athlete's foot," or "It is an infringement of a person's freedom." But as high an official as vice minister would never issue a directive with such absurdities in mind.

#### Determination To Rise to First Class Status

The directive may be typically representing the status in which the MPT bureaucrats have been languishing. The ministry intends to raise itself into the ranks of the elite government ministries all at once with the legislation of

the related bills. Salient points of the directive are as follows: "Our ministry has been called a third-rate government ministry in Mamiana village. But the foundation has been established for the evolution of our ministry into a policy-oriented ministry. The tape has been cut for the debut of a structure in which our ministry, under a new structure, will lead the nation's communications industry in terms of administrative policy, while maintaining close cooperation with various fields including industry, and academic circles. That is, the MPT as the leading government agency responsible for the country's communications administration will have its organizational structure firmly established." "There are still found within the ministry people who are following the practices prevalent when we were living in Mamiana village, such as wearing sandals during working hours. It is doubted if those people have a consciousness as employees of a newly born MPT." "I wonder if such a sight can be observed in the so-called first-class government agencies in Kasumigaseki area, or among the workers of blue-ribbon companies." "The chances will only increase, not diminish, in which the MPT as a predecessor in an advanced information-oriented society will increasingly come into contact with the opinion leaders in various fields."

This sentence does not take the form of a directive, but careful readers will notice in it that the phrase "wearing sandals," is of only minor importance and that it is an explicit expression of the ministry's present status and future prospect, or its ambition in a worse scenario.

The Mamiana village, by the way, is a phrase that has been used derisively in reference to the MPT because its old building was located in Mamiana (present Azabudai, across the street from the Soviet Embassy), a location away from Kasumigaseki where most government offices are located.

What the directive is saying in essence is that the ministry is the governing body of the communications administration in the country, that it will play the role of pioneer in the coming high-level information-oriented society and that its relations with opinion leaders in various fields will further increase. The phrase "keeping in mind not to wear sandals..." is mentioned only as an example of practices that are not worthy of the first-rate bureaucrats. What matters the most of course is the former half of the sentence, not the latter half. The directive could even be interpreted as a challenge to all the ministry employees, "Let's not forget our Mamiana village days when we were held in contempt, and let us make an all-out effort for expanding our administrative powers from now on."

Upon hearing of the MPT directive, the majority of high officials in other government ministries are said to have responded, "That third-rate ministry is as usual saying foolish things." To the writer, their interpretation of the matter seems to be off the mark by a wide margin. At exactly the time when the foundation for telecommunications is undergoing a change, an increase in the administrative power of a ministry will be reflected as a decrease in that of other government ministries.

What usually comes with an increase in a government ministry's authority has always been an attempt by the ministry to explore for lucrative positions in

related industries for its retirees. Let's examine what positions the so-called MPT-family members have landed at in what companies.

#### The Opportunities Are Bleak

There are many forms of Amakudari (literally the descent from the heaven) in which government officials upon their retirement from office, land jobs in companies which are under the administrative control of the ministry which they come from. One form of Amakudari is a case in which a company recruits the ex-government official for his administrative talent, or management talent. Many managers of leading corporations are aware that high government officials who quit government service at their relatively early ages are very capable persons. Another case of Amakudari is an instance in which the company accepting an ex-official expects administrative favors from his former employer ministry. The practice of "an ex-official coming over to a private company with presents in his hands" seems to be a case not limited to our country. The worst scenario is a case in which ex-officials are forced upon private firms because of their business dealings with the ex-officials' ministries. The last case of Amakudari may be called an insurance against possible future calamities for those firms accepting former government officials. With such points in mind, the writer made a follow-up examination to see what jobs the successive MPT vice ministers, after their retirement from office, had landed. The result has led me to a conclusion that the ministry is far from the ranks of first-class government ministries and agencies.

The following is a chronological listing of former MPT administrative vice ministers, and their jobs after retirement from government office, with the last to quit listed first.

Hiroshi Asao--retired from government service in July 1982, presently the chief director of the Kani Hoken Yubin Nenkin Fukushi Jigyo-dan (Postal Life Insurance and Annuity Welfare Corporation)

Fumio Kamiyama--retired from government service in April 1980, presently president of Televue Fukushima

Hiroshi Hirose--retired from government service in July 1978, presently president of Nippon Yubin Teiso (Nippon Mail Carrier Co)

Takami Ishii--retired from government service in July 1977, presently vice president of Kokusai Denshin Denwa Co, Ltd

Shigeru Mizoroki--retired from government service in July 1975, presently chairman of Tamura Electric Works Ltd

Kazunori Takeshita--retired from government service in July 1973, presently president of Kumamoto Prefectural People's TV Co

Katsumi Soyama--retired from government service in July 1971, presently president of Nippon Electrical Systems Construction Co



It doesn't always follow that companies listed on the stock exchanges are good companies, nor do well-known firms guarantee high income for their executives. A look at the above listing, however, gives people an impression that the ministry still has a "lot to go before it gets even with the rest of the government ministries." Of the companies listed above, only Kokusai Denshin Denwa Co and Tamura Electric Works are listed on the stock exchanges. Putting aside Kokusai Denshin Denwa Co, Tamura Electric Works is a "sub-contractor" of NTT, and chairmanship of the company scarcely seems a position fit for an administrative vice minister from the very government ministry that has administrative control over it. To say it more succinctly, the case is as if an administrative vice minister from the Ministry of Construction has become president of a concrete manufacturing company. An MPT official confides, "Akira Ohara who succeeded Mizoroki as president of Tamura Electric Works was a mere bureau chief or a member on the board of directors when he was with NTT."

Ishii is considered a shoo-in to become president of Kokusai Denshin Denwa, and he alone, it seems, is basking in the sun. According to talk making the rounds, the post of president of a local TV station is an ideal position for a former government official enjoying his old age because it guarantees a high income yet is less strenuous work. There still must be a longing deep in their minds for a much more high-profile position.

Except for successive administrative vice ministers, an overwhelming majority of bureau chief-class retirees from the MPT have been finding their second employment in TV stations, FM radio stations, and mail carrier service-related companies. There is a reason for this. Radio wave is placed under a monolithic control of the MPT and the ministry allots frequencies to private companies. Adhering to a justification that unless radio wave is placed under strict control, there will arise interferences, the MPT has been holding in its hands a 100 percent authority to issue permits for TV stations and FM radio stations.

Consequently, the birth of a new station, especially a TV station, means addition of a new place of employment. To cite an example, Kamiyama became president of Televue Fukushima, a local TV station, as soon as it was started last year. The cases however are not so that every high MPT official retiring from the government service can find a post in one of the TV stations. Only Fuji Telecasting Co (chairman) and TV Tokyo Channel 12, Ltd (executive director) are among the leading TV stations that have accepted former MPT officials.

"Except for an extreme case, a TV station or an FM radio station, once franchised with an allotment of a radio wave, can make profits. A local TV station is an obscure existence but is a lucrative business operation since its programming cost is cheap and it is guaranteed a certain amount of advertising revenue by its national network (key station). What rationale there exists is unknown, but FM radio stations have been licensed under the principle of one station in a prefecture, so operating an FM station also makes sense as a business because it is a guaranteed monopoly. At present, work is going on for the fourth allotment of FM radio stations covering entire areas of the country, and the principle of one station in one prefecture has also been observed in the process. In terms of management, an FM radio station is found on a sound basis because besides its cheap programming cost, it is guaranteed area monopoly by the government," according to an outsider (in the TV business).

But, the aforementioned MPT official declares, "Retiring high MPT officials have until now been finding places of employment in TV stations, but there are limits to the practice. Once a TV station is licensed, it no longer would feel any need to maintain personal connections with the MPT. The era is completely gone when one TV station after another was born in the local area, and TV stations are also finding their revenues from advertising leveling off. Taking advantage of deregulation of communications, the MPT is trying to expand its turf in the field of telecommunications," according to the aforementioned MPT official.

In one of the interviews the author had for this report, an MPT Old Boy confided to me an interesting story. He suggested I count the number of former MPT officials who have found employment in one of the three MPT-supervised big enterprises--Nippon Telegraph and Telephone Public Corporation, NHK (Japan Broadcasting Corporation) and Kokusai Denshin Denwa Co. Putting aside low-echelon former MPT officials, only eight MPT high officials have found positions in the three big family companies. Only two have landed jobs at NHK. If things develop as they have, it is apparent the MPT would find itself in a bind in the future.

#### Aiming at Expanding Its Territory of Job Opportunities

Let's here make a comparison. It wouldn't be appropriate to compare the MPT with either the Ministry of Finance or the Ministry of International Trade and Industry. An appropriate candidate for comparison is hard to find, so the writer will compare the ministry with its twin brother the Ministry of Transportation when the two ministries were grouped together in prewar days in the Ministry of Communications.

The Ministry of Transportation is a "leader" among government ministries that have authority to issue permits or approval. Former officials of the ministry have found lucrative positions in a broad range of related industries, led by Tokuji Wakasa, chairman of All Nippon Airways Co., Ltd. The list includes Japan Air Lines Co., Ltd., All Nippon Airways Co., Nippon Express Co., Ltd., Teito Kosukudo Kotsu Eiden (a subway system), shipping companies and private railways.

MPT officials must be keenly aware of the differentials in job opportunities that exist between themselves and Ministry of Transportation officials. This seems to be the reason behind the aforementioned MPT vice minister's challenge to his men, "Lead the industry on matter of administrative policy."

Privatization of NTT and deregulation of telecommunications nearing within sight, plans are beginning to take shape for a so-called second NTT. In the forefront in the race is "The Second NTT Planning," a group of companies centered on the Kyocera Corporation Group. With Shingo Moriyama, former director general of the Agency of Natural Resources and Energy, as its president, the venture's aim is to groom itself into a corporation that can compete with NTT. The company's announcement on 24 July in the Keidanren Hall took the society by surprise. It recruited two elite MPT officials to be installed as its vice presidents.

What is The Second NTT Planning? It is a planning company established with a broad participation of industry, Kyocera, Sony, Secom Co, Ushio Electric Inc and Mitsubishi Corp as being its nucleus. A characteristic feature is that no communications equipment makers are participating in it. Another feature is that the company has Old Boys of the MITI and the NTT on its board of directors, and that it has this time succeeded in recruiting Hajime Nakayama, chief of the Shikoku Regional Postal Inspection Bureau, and Hideo Kaneda, deputy director of the MPT's Radio Research Laboratory. Nakayama is in charge of the general planning division and Kaneda is in charge of technology. A defined management has been installed even before the company has yet to come up with what lines of business it will be in. The so-called second NTT (Daini Denden) refers to the A-category business under the new Telecommunications Business Bill. That is, it is a business that has its own communications circuits and supplies communications services. As things stand now, no decision has yet to be made on the fundamental of fundamentals. That is, what will the communications circuits be made up of? Will they be optical fiber or microwave or communications satellite? It sounds strange that The Second NTT Planning is attracting capital from various sources despite the fact that it has yet to produce even a basic blueprint of business activity. The group supporting from behind such a move toward Daini Denden is none other than that of MPT bureaucrats. The largest reason is that it means an expansion of employment opportunities for them. The National Personnel Authority's view originally was reportedly that, "it is not desirable that government officials walk straight into jobs in industries over which they wield jurisdiction," but the issue has somehow evaporated.

What all this comes to is that, not restricted to The Second NTT Planning, a rail has been laid for the Ministry of Posts and Telecommunications, in which it can send its officials to positions in any other Daini Denden-type enterprises. Under the new Telecommunications Business Bill, the A-category business is required to obtain a license or approval on almost everything from equipment to rates to connections with other circuits. As to the reason, the MPT gave the following explanation to the Diet: "Any persons who own their own circuits and provide services can give a great influence on the living of the people." The reasoning is hard to understand. Reportedly, The Second NTT Planning is going to restrict its activity to provision of communications services for industry, and the same may be said of other industries planning to plunge into the telecommunications market. There scarcely exists a possibility that these firms will be starting telephone services geared to ordinary households. Notwithstanding the fact, the MPT is upholding the banner of licensing and approval rights high, and it may be simply that the ministry is anxious to expand its turf for Amakudari employment. If this conjecture is incorrect, the ministry should prove the validity of its argument by its own deed. Endorsing with so much enthusiasm the acts of its former officials who have landed jobs in The Second NTT Planning, the ministry would be hard pressed to come out with a refutation.

How passionately the MPT has been maneuvering to establish its leadership in the field of communications is apparently revealed in its reactions to attempts by other government ministries to advance into the communications field. The Ministry of Construction is planning construction of an optical fiber network

along the network of expressways running across the country, and the Ministry of Transportation is also considering a nationwide communications network along the tracks owned by the Japanese National Railways. The statement of Shinya Koyama, chief of the MPT's Telecommunications Bureau, warrants attention. He said: "We consider entry into the field of communications by the government ministries or agencies to be against the principle of introducing the vitality of private sector. For a healthy development of telecommunications, it is desirable that the field be left to private business to compete with each other based on economic rationality."

The real intention of his statement may be that his ministry can expect to force upon private businesses its retiring officials, but that "it would be much tougher when the other parties are government agencies with prestige higher than theirs."

#### Toward Construction of a Structure With Vested Rights and Interests

The MPT's ambition is not confined to increasing its personal connections in the telecommunications industry. Taking advantage of privatization of NTT as a heaven-sent opportunity, the MPT bureaucrats are hatching a scheme to corner the "money." A headline entitled "The Concept of a 2 Trillion Yen Fund Being Hatched by the MPT" adorned the 3 August edition of the NIHON KEIZAI SHIMBUN that dealt with how to apportion the profits to be gained from the privatization of the NTT. According to the article, the MPT plan calls for as much as 2 trillion yen to be put aside out of proceeds from sales of the government-held shares of the new NTT stock when the corporation becomes a private company in April of next year as a special fund under its control. The persons who planned and mapped out the plan may be serious about it but to outsiders the design sounds totally outlandish.

The following are excerpts from the NIKKEI article. As conceived by the MPT, (1) one half of the government-held shares (500 billion yen in face value) will be contributed to the fund, (2) the fund will unload those shares over several years to raise 2 trillion yen including premiums (differences between selling prices and the face value), with the rest of the premium going into the General Accounts for budgeting, and (3) the fund will use the profits from the money operations for promoting research and development of telecommunications and new media.

It is almost a certainty that the new NTT will be capitalized at about 1 trillion yen, and the MPT plan calls for preserving one half of the capital for its exclusive use. What a selfish idea it is! According to the bill, the government is scheduled to start unloading shares of the new NTT stock it owns beginning in fiscal 1985, releasing one half the shares it holds in 5 years when the bill is subject to review. The government can ultimately sell two-thirds the shares in its portfolio. How the proceeds from these sales will be used has yet to be figured out, and the MPT scheme is training its sights on the money. The case of Kokusai Denshin Denwa Co is often cited, and its shares are selling at four times their par value. Suppose the new NTT stock follows the same pattern, and half of the company stock, placed on the market, would fetch 20 trillion yen in premiums.



Some may argue that the sum of money that the MPT can freely use on its own discretion is a tenth of the total of the premiums, but herein lies the seed for a structure that leads to vested rights and interests.

If 2 trillion yen is invested, it will generate about 150 billion yen in interest annually. The MPT says the money will be used for fostering new media. What this means is that the MPT-planned fund will dispense money as subsidies, not as loans. A handful of bureaucrats is going to spend wantonly the "assets of the people" amounting to as much as 150 billion yen. The Ministry of Finance is squarely opposed to the MPT's fund plan, with justification. Let's here see how the current assets of NTT have grown up.

Since it was jettisoned from the Ministry of Communications, the NTT has built up its assets without receiving any financial aid from the government. In other words, the corporation's assets grew up on contributions from the subscribers. How impudent the MPT is to attempt to scatter the property of the whole people about!

An annual sum of 150 billion yen is a huge source of funds for the new media industry. The sum is even in excess of the total funds necessary to start the previously mentioned the Second NTT Planning which are said to reach about 100 billion yen. With the stick in the form of licensing and approval authority in one hand and "money" in the other, the MPT would reign over the industry, leaving private business no recourse but to obey what the ministry dictates. But could such an irrational practice pass muster in other government offices? Those who can use the carrot and stick as they wish would feel good, but what about the people who are the targets of such a carrot-and-stick policy? They would feel miserable. This writer would advise the MPT bureaucrats, "Are you so desperate to join the ranks of the first-class bureaucrats? If not, why don't you stop such scheming immediately?"

The MPT is also reaching for a niche in CATV, a form of new media. CATV until recently has been considered something that has nothing to do with telecommunications, but imparting a bidirectional property to it has changed the equation. The ministry has been calling for introduction of a franchise system in CATV. "The word franchise sounds tinkling to the ear but what it says in essence is establishing a monopoly in an area. The principle running underneath it is 'First come, first served.' The principle has been serving well until now because operators applying for CATV systems were few. The problem is what to do from now. In many communities a plural number of operators are vying for construction of CATV networks. Here comes into the picture an expediency in the name of adjustment or coordination. By taking on itself the role of coordinator of various differing plans for construction of CATV systems, the MPT is trying to increase the number of firms under its influence, which results in an increased job opportunity," according to the aforementioned official. A former MPT official has been invited as president of International Cable Network, a city-type CATV company in Machida City, Tokyo, the first of its kind in Japan.

Bureaucrats are adept at arming what they say with a plausible rationale. The MPT argument is that permitting two CATV operators in a community would lead

to an excess in equipment capacity, possibly leading to their bankruptcies. Should such a situation occur, it would inconvenience the subscribers, ordinary consumers. How considerate of the MPT! It is hard to believe that the very government ministry which has been championing promotion of new media by floating a 2 million yen concept should be talking of such a thing.

While emphasizing the need to introduce competition on one hand, the ministry on the other hand is saying that competition is not good for the subscribers, using two swords cleverly as the situation demands it--competition and consolidation.

#### The Road to a First-Class Bureaucracy Is Found in Steady and Healthy Growth

The writer repeats that it is not a bad thing for the MPT officials to work to catapult themselves to the ranks of first-class bureaucrats. With the arrival of a highly advanced information-oriented society near at hand, the people would never deny the fact that the MPT needs to evolve itself into a policy-oriented ministry so that it can come up with policies on telecommunications. The people however would never be convinced if the ministry efforts resulted only in increasing the number of positions in companies for its retiring officials.

In the dispute on VAN that has been going on between the MITI and the MPT since February, the MITI has steadfastly been opposing MPT interference in the affairs of data processing. The ministry is opposed to any kind of restraint imposed on computer use via communications circuits. The MPT evaded the MITI charge by saying, "All we are regulating is in the field of communications." Recent developments seem to vindicate that the MITI foreboding was right on the mark. The explanation becomes a little technical, but the MITI anxieties are reportedly beginning to take concrete shape in the field of personal computers.

"Standardization of communications is being promoted internationally by the CCITT. In Japan, standardization is being advanced based on the MPT's standard communications systems, 'a Japanese translation of the CCITT standards.' A standard communications system has recently been established for personal computers. That is, standards have been formulated for a system that allows communications among different models of personal computers. But the current standardization is a bit different from the previous ones," according to a trade journal reporter. As he tells it, conventional bills for standardization have been confining the scope of their applications strictly to communications but the current one addresses itself even to the field of machinery production.

By way of pointing out the MPT's excesses, the aforementioned trade journal reporter says: "The MPT went out of its way to include in its report on the results of a survey of communications among computers a phrase, 'We will ask the cooperation of computer makers and software houses in developing necessary hardware and software.'"

With the MPT reaching for a turf beyond its territory, a war will not be avoided between it and the MITI that has been the sole administrator of industrial policy for the electronic machinery industry.

The reader may be tired of hearing it again, but please pardon me for saying it one more time. It is not bad for the MPT, in its attempt to join the ranks of the first-class government ministries, to cross swords with the Ministry of Finance, the Ministry of International Trade and Industry and the Ministry of Construction. It is also desirable that what problems there are be bared before the eyes of the people in the process of waging verbal blows.

If, as a result of such exchanges, the MPT joins the ranks of the first-class ministries, it may be because the age demands it.

But, if the means for arriving at the goal were setting up funds or diversifying the employment sources for its retiring officials, the ministry could not escape the charge that it is mistaking the means for the end.

The writer only hopes for a healthy growth of the MPT bureaucrats and prays that my apprehension is only that--apprehension.

### 133 Former NTT Officials in Related Companies

--Companies Listed on Stock Exchanges (in Construction and Electrical Engineering Work Fields)

The construction and engineering work industry of communications facilities and equipment has interests in common with the Nippon Telegraph and Telephone Public Corporation (NTT) and the area residents through such activities as restoration work in time of disasters, expansion of the area communication network, etc. As a result, the number of active and retired NTT officials who have found jobs in the aforementioned industry and thus prospered is overwhelmingly larger than that for other industries. They are in a sort of landlord and tenant relationship. Reflecting the progress of the new media age, the CATV and VAN fields are also emerging as "new customers" for the NTT but the overall picture will not change into the future, with the strong bond between the corporation and the aforementioned industry kept intact. Although they are not tied to the corporation in terms of equity participation, some companies get more than 80 percent of their sales from working for the NTT. When seen from the perspective of strong personal connections that exist between these companies and the corporation, they may be called NTT subsidiaries.

### The Industry Leader Is a Supra-Party Family Company

The industry leader, Kyowa Densetsu Co, Ltd, has annual sales of about 90 billion yen, and a work force of 3,200 employees. Headquartered in Akasaka, Tokyo, the company has a nationwide marketing system with branch offices across the country in such cities as Osaka, Yokohama, Sendai, Kumamoto, Hiroshima, Mito, and Sapporo. The company's stock is owned by the communication equipment makers and communication cable makers of the so-called NTT Family,

such as NEC Corporation and Sumitomo Electric Industries, Ltd. (Sumitomo Group firms), Fujitsu Ltd, and The Furukawa Electric Co, Ltd, (Furukawa Group), Oki Electric Industry Co, Ltd, Fujikura Ltd, and Dainichi-Nippon Cables, Ltd. It is a "supra-party" family company of all NTT family firms.

Company chairman Atsushi Hirayama, who came over to the company from NTT when he was a member on the corporation's board of governors, had been company president for over 10 years, from 1966 to 1977. A man with a keen sense of corporate management, Hirayama is well known as a capable chairman. Thanks to his many friends not only within NTT but also in the political and industrial circles, he has a big voice in the industry. Upon becoming chairman, Hirayama appointed Hideo Nakamura, then executive director and currently standing auditor, as his successor. Nakamura came over to Kyowa Densetsu when he was director of the Kanto Telecommunications Bureau's Construction Department, the Ministry of Telecommunications, which is the predecessor of the current NTT. Appointed to the board in 1959, he had worked for the company as an executive member for 21 years until 1980 when he retired from the post of company president. He had been in the post of president only for 3 years, and Chairman Hirayama rewarded Nakamura for his personality, honest and steadfast, and his contributions to the company as its director over a long period of time. Nakamura was succeeded by Yoshiyuki Araki, present company president. Born in 1918, Araki is 5 years younger than chairman Hirayama and 2 years than auditor Nakamura. In 1970 when he was director of the Hokkaido Telecommunications Bureau, NTT, Araki joined Kyowa Densetsu as a managing director. From the day he came over to the company, chairman Hirayama had been grooming him as a future president of the company. After becoming president, Araki's strategy has been characterized by aggressiveness, actively going after overseas projects and fiber-optic communications projects. On the other hand, despite the sluggish increase in equipment investment by NTT, Araki has steered the company with a sure hand, maintaining dividends of 6 percent per annum.

Besides the company chairman and president, executive director Mikio Iwanaga, and managing director Iwato Asahara are also recruits from NTT, the former from chief of the corporation's Construction Technology Department office and the latter from director of the corporation's Tokyo Telecommunications Bureau. Iwanaga is the chief responsible person in charge of company technology and Asahara is charged with overall responsibility for corporate management. Almost all of the rest of the directors are NTT Old Boys. Tatsuo Saito joined the company after a stint at Sumitomo Electric Industries, Ltd. Yoshiki Chiba and Tadao Nagano, both born in 1926, have been directors since 1978. Other directors are Hiroshi Yoshida, Toshio Kuwano, Kingo Sone, Toshihisa Sato, and Osamu Kamiya.

Of them all, the person gaining most attention is Kuwano. He joined the company persuaded by persistent courting by chairman Hirayama and then president Nakamura when he was director of NTT's representative office in Brasilia, Brazil. One of the company's few international businessmen, he was invited into the company as the promoter of its overseas strategy, which the company is pursuing as a means to lessen its total reliance on NTT for business. He has been promoting the company's overseas projects as deputy director of the overseas telephone installation business division and deputy director of the overseas telephone installation business headquarters.

With a peak of 93.5 billion yen in annual sales achieved in the September 1981 accounting term, Kyowa Densetsu's sales have been stagnating at the levels of 86 billion yen to 90 billion yen. A top company in the telephone installation business with a nationwide network of business activities, Kyowa Densetsu has its management made up almost all of NTT Old Boys. With the NTT scheduled to be reborn as a new NTT next year, Kyowa Densetsu's fortune rests on how well the management will be able to exploit their personal connections to adapt to the changed environment. The management is being asked to display anew their corporate management capabilities.

#### Long-Established Companies in Desperate Search for a Way to Cope With the Information-Oriented Society

Kyowa Densetsu is not the only company that has its management entirely made up of NTT Old Boys. Nippon Tsushin Kensetsu Co, Ltd, a long-established company occupying second position in the list of suppliers to NTT, is another of such a type of companies. As with Kyowa Densetsu, Nippon Tsushin Kensetsu has communications equipment makers and cable makers in the NTT family as its major share holders.

Company president Masumi Hashimoto was director of NTT's Tokyo Telecommunications Bureau when he came over to the company. Showing a strong interest in fostering his company to be able to cope with the coming information-oriented society, he has aggressively explored new fields of business, such as marketing of office automation equipment, computer system engineering and so forth. As indicated by its recent success in completing installing of computer-controlled control systems at Tokyo Disneyland, the company is succeeding in the new fields of business as well. Hashimoto's motto is "an enterprise that can cope with the information-oriented society," and his goal is to catapult his company to the top runner. He also is serving concurrently as president of Comprehensive System Engineering Co (a subsidiary), and 6 years into office he has succeeded in permeating every nook and corner of the company with the importance of software.

From company president Hashimoto on down, the company's management is all made up of NTT Old Boys, among whom are included executive directors Akio Yoshimura, Yoshio Ishikawa, and Kanjiro Oki, managing directors Hiroshi Otomo and Kazumi Kamimaru.

Of these people, executive director Kanjiro Oki joined the company this year. While at NTT, Oki had climbed the corporate ladder to become a member of the board of directors in charge of administration after going through director of the Data Communications Headquarters and chief of the Kinki Telecommunications Bureau, and he is said to have come over to the company at the request of company president Hashimoto himself.

Seven years younger than president Hashimoto, according to industry circles, Oki is an heir-apparent to succeed Hashimoto.

Among the corps of directors are NTT Old Boys, including Minoru Bokuki, Sunao Jingushi, Iwao Hanzawa, Junji Kuraishi, Eiijiro Fukase, Hikoshi Hiraoka, Yoshio Adachi, Noboru Mitsuno, and Koki Soejima.



Of the above members on the board of directors, Minoru Bokuki went over to join The Furukawa Electric Co, Ltd, while he was director of NTT's Data Communications Headquarters and at present is an executive director of the electric company. A senior to Nippon Tsushin Kensetsu executive director Kanjiro Oki while they were working for NTT, Bokuki is indirectly supporting Nippon Tsushin Kensetsu's technical division. Koki Soejima, who is currently deputy director of the company's Data Communications Systems Headquarters, is another NTT Old Boy with his background in data communications at the corporation. He has been a director since 1984. His career at NTT includes chief of the Osaka Data Communications Bureau and of the Tokyo Central Data Communications Bureau.

The lineup of executive posts indicates the zeal with which the company has been preparing itself for the debut of a new information-oriented society by exploring new business fields including digital transmission engineering work and systems engineering.

As with Bokuki, Jingushi also is giving indirect support to Nippon Tsushin Kensetsu. Currently a managing director of Oki Electric Industry Co, Ltd, he joined the company when he was director of the division for research on trunk switchboards at NTT's Musashino Electrical Communications Laboratory. Since the digital technology and switching technology are the keys to INS, the advice of the mentioned two directors is an indispensable asset to Nippon Tsushin Kensetsu in advancing its strategy in those top-of-the-line technology fields.

Sales have increased from 70 billion yen to 80 billion yen, thus narrowing the gap in sales between it and Kyowa Densetsu, the industry leader. With the two industry leaders going after similar routes in their strategy for overseas business development and for exploration of new businesses, the competition between the two management staffs is a matter of great interest.

As for Nippon Tsushin Kensetsu, a long-established company, in particular, the majority of its executive staff has been filled with new faces in the past 3 years, beginning with executive director Oki, and how well the company will be able to exploit the new personal contacts is being watched with a great interest.

#### Exploring for New Fields by Lessening Reliance on NTT

Daimei Denwa Kogyo Co, the third-ranked industry leader, is another NTT-family company. With the Kanto and Tohoku areas as its territory of activity, the company lags far behind the top two companies mentioned above, with annual sales of about 35 billion yen. The company is relying on NTT for more than 90 percent of its sales.

Under the leadership of the then company president Yasuo Harada, currently auditor, who advanced to become a member of the NTT board of governors from director of the corporation's Kanto Electrical Communications Bureau, the company had managed to tide over the difficulty following the oil shocks when NTT curtailed its outlays for procurement, by maintaining its annual sales on the level of 30 billion yen. After serving as president for 7 years from 1976, Harada stepped down to turn the corporate rudder over to Shoji Kugo. It has

been exploring new business fields, such as marketing of communications gear and equipment like button telephone sets and terminals for office automation equipment, but it still has many problems that need solution, such as expanding the sales network. Kugo came over to the company when he was director of NTT's Osaka Western Area Control Department. Since becoming a director in 1971, he has been with the company for 13 years. Supporting Kugo are three executive directors--Kyoichi Kuwata, Nobuo Aoki and Akira Sugita--all NTT Old Boys.

Of the 10 directors, 5 are NTT Old Boys, among whom are included Tadao Yanagisawa, Masao Shoji, Ikuo Kawakami, Makio Yamamoto, and Tsunegoro Otsu.

Features characteristic of these three firms are that they provide a secure reception for retiring NTT officials and their corporate management style is a "full-scale NTT backup plus alpha."

With NTT outlays for projects leveling off or diminishing after the backlogs for telephone installation have been cleared, the environment confronting the industry is ever increasing in its severity.

As a measure to cope with the situation, these companies had long been asked to lessen their total reliance on NTT. The situation however is that they have not fully succeeded in making up for the decreases in the demand from NTT with orders from some other sources. In this context, it may be said that these companies are being asked to think twice about the corporate management structure that they have been adopting--a management entirely made up of NTT Old Boys.

**Top Management of Electrical Engineering Companies in Local Areas Is Made Up of NTT Old Boys**

The same thing as mentioned above can be said of small to medium or local electrical engineering companies.

A large number of the top management of electrical engineering companies in the local area is made up of former NTT officials.

For example, president Daijiro Oi of Kinki Tsushin Kensetsu Co is former director of the NTT's Hokkaido Electrical Communications Bureau; president Katsutoshi Azuma of Tohoku Tsushin Kensetsu is former deputy director of the NTT's Welfare Bureau; president Masao Kosuge of Tohoku Tsushin Kensetsu Co is former president of the Central Electrical Communications School; president Shozo Tanemura of Chubu Tsushin Kensetsu Co is former director of the NTT's Inspection Department; president Masahito Jittoki of Seibu Denki Kogyo Co is former director of the NTT's Audit Bureau and a member of the board of governors; and president Kaname Yamazaki of Kita-Nippon Tsushin Kensetsu Co is former chief of NTT's Construction Technology Development Office.

Besides the people mentioned above, president Kotaro Tanaka of Nippon Denwa Shisetsu Co has once worked for NTT as director of the Materials Bureau and assistant to NTT president. President Kojiro Kawasaki of Sanwa Daiei Denki Kogyo Co joined the company as president after going through a career at NTT as

director of the Tokai Electrical Communications Bureau and a member on the board of governors. President Junichi Nomura of Hibiya Sogo Setsubi Co came over to the company from Konoike Gumi Co, Ltd, but he has also worked for NTT as director of the Construction Bureau and a member on the board of governors. The reality is that it is difficult to find out any corporate managers who have not worked for NTT.

The pattern is not confined to company presidents. Executive members in these firms are also made up mostly of former NTT officials, and it is not an exaggeration to say that management of these companies is "NTT family affairs."

Kinki Tsushin Kensei Co has 10 former NTT officials as its executives; Nishi-Nippon Tsushin Kensei Co, 8; Tohoku Tsushin Kensei Co, 13; Chubu Tsushin Kensei Co, 6; Seibu Denki Kogyo Co, 8; and Kita-Nippon Tsushin Kensei Co, 6.

Some companies have former NTT officials not as company presidents but as members on their board of directors. Among such companies are Nippon Dentsu Kensei Co, which has four former NTT officials, such as managing directors Tetsuo Furuishi and Masanobu Ito, directors Keiichi Sakado and Tachiya Wakiyama. Toyo Denki Tsushin Kogyo Co has six former NTT officials, such as executive director Kiyoshi Suzuki, managing director Haruo Yabe, directors Tokusuke Imamura, Hideo Nakayama, Fumiaki Murakami and Yoichiro Uno.

#### Lessening Dependence on NTT Is Sought After

These engineering companies in the field of electrical communications are children of NTT's long-term policy. After World War II, NTT embarked on rebuilding and expanding the country's electrical communications networks centered on telephones. In those days various projects were also going on for building up the country's electric power networks. Faced with the difficulty of securing enough numbers of cable-laying firms, NTT adopted a system called "Shitei-Gyosha" (designated firms). Under the system NTT has been fostering those designated companies by awarding them with contracts in preference of others and by dispatching NTT engineers to those companies to give technical guidance--all as part of NTT efforts to secure stable execution of works and maintenance.

Through such NTT guidance, these companies have strengthened their bonds with the corporation, leading them to think that they are in the same boat with NTT. On the part of NTT officials, the choice of most of them was those telephone service firms when seeking a job after retirement from the corporation. The reason is because these firms have many former NTT employees and because the content of work in these firms is not much different from what they did at the corporation.

Partly owing to NTT's "industrial policy," under which the corporation has been following a policy of raising the monopoly of the designated company in the specific area by awarding it with a stable stream of contracts every year, electrical communications engineering companies in local areas, both small- and medium-scale, have been spared from mud-slinging competition in the market. Their shares in NTT projects have not changed much from year to year.



Running a business in an industry like the telephone installation industry where involved concerns or people are cooperative and where much of the business comes from public spending for investment, surely, could not be too difficult a job; this is the greatest reason why the industry has an aspect of "NTT Old Boys industry." It is also true that the circumstance and the environment surrounding the industry is beginning to change.

Earlier, NTT changed its method of equipment procurement from the conventional method of awarding specific firms with contracts to an open bidding where general companies are invited to tender their bids. This policy change is the first step of NTT's long-term policy to liberalize in the future the market for its trunk line equipment and services. The prospects are very uncertain if NTT will be able to maintain the aforementioned system of designated firms in parcelling out orders for installation and maintenance services.

The first to react to such subtle changes in the environment are the leading construction companies, and they are showing signs of advancing into not only construction of NTT office buildings but also into projects involving installation of electrical communications facilities and equipment. Another problem is the so-called Daini Denden (a second NTT-like private communications service company). Pending the revisions of the Telecommunications Business Act (Denki Tsushin Ho) and the Act Governing Incorporation of NTT (Denden Kosha Ho) scheduled for April of next year, the current monopoly hold by NTT on the telecommunications service is expected to ease, allowing entry into the field by private companies.

With it, trading houses, Zaibatsu groups and leading enterprise groups who are thinking of advancing into telecommunications services beginning with VAN may enter the field with their own communications facilities and equipment. Engineering firms of telecommunications equipment and facilities are viewing the development with a heightened expectation that it will open up for them a new user market besides NTT.

In anticipation of an increased demand from a privatized NTT, the construction industry will increasingly be going after NTT Old Boys to use them as a liaison between themselves and NTT.

Fujita Corporation already has a former NTT official, Shoji Matsuda, on its board of directors, Matsui Construction Co., Ltd., has Jiro Suzuki on its board of directors, and Raito Kogyo Co has Toshihiro Urashima, a managing director. The trend is expected to further increase in the future.

Another anticipated development is that VAN businesses, including trading companies, will increasingly be hiring NTT Old Boys. A recently inaugurated company dedicated to conducting studies for the feasibility of a Daini Denden--a project on the drawing boards with Kyocera Corp and Mitsubishi Corp that also started recently a research institute on VAN in cooperation with IBM Japan, Ltd, and Cosmo 80 as its principal promoters--has hired former NTT officials. As a result of such an environmental change, the competition for NTT contracts is expected to intensify, making a sharp contrast with the conventional NTT practice in which the corporation has been allocating work among designated contractors in regional areas.

It also provides a golden opportunity for telecommunications equipment and engineering work companies to make the most of their pool of former NTT officials to establish personal contacts with the corporation; and a marketing warfare seems to have already started.

**Key:**

- A. Year current position was obtained
- B. Year executive joined current company; year subsequent positions obtained
- C. Year executive joined NTT; year of major positions obtained thereafter

**Fujita Corporation**

Shoiji Matsuda (DOB: 26 September 1926), graduate of the Faculty of Engineering First Department, University of Tokyo

- A. A director since 1979
- B. 1977
- C. Joined the Ministry of Telecommunications in 1950; in 1975, became director of the Special Building Office in the Building Bureau

Atsushi Yakushiji (DOB: 2 July 1913), graduate of the Faculty of Engineering, University of Tokyo

- A. A managing director since 1982
- B. 1964; 1965, managing director; 1971, executive director, 1979; adviser
- C. 1937, joined the Ministry of Communications; 1963, became director of the Building Division in the Minister's Secretariat, the Ministry of Posts and Telecommunications

**Comments:** With urban development as its main pillar of business activity, Fujita Corporation has been increasing its revenues. It has also entered on a full-scale basis the market for clean rooms for semiconductor manufacturing and for medical facilities.

**Matsui Construction Co., Ltd**

Jiro Suzuki (DOB: 13 December 1919), graduate of the Faculty of Engineering, University of Tokyo

- A. A director since 1964
- B. 1964; 1966, permanent auditor
- C. Joined the Ministry of Communications in 1942; in 1947, became chief of the Maintenance Engineering Section, Kanazawa Communications Bureau; in 1952, became director of the Building Division, Chugoku Telecommunications Bureau

**Comment:** Matsui Construction is well known for its construction of temples and shrines, and has so far built 400 temples and shrines since its inauguration. It is weak in government-related projects.

**Ando Construction Co., Ltd**

**Kenjo Kikuchi** (DOB: 15 April 1924), graduate of the Faculty of Engineering Second Department, University of Tokyo

- A. A managing director since 1979
- B. 1968, director of the Sales Division; 1972, a director
- C. 1964, an assistant to the director of the Building Bureau

**Comment:** Strong in prefabricated building construction, Ando Construction has been expanding its involvement in government civil engineering works projects. It is placing an emphasis on making inroads into the market for projects by the local autonomous governments.

**Raito Kogyo Co., Ltd**

**Toshihiro Urashima** (DOB: 17 November 1926), graduate of the Faculty of Law, University of Tokyo

- A. A managing director since 1979
- B. 1978, adviser to the Sales Headquarters
- C. 1950, joined the Ministry of Telecommunications; 1972, deputy director of the Management Information & Research Office; 1974, a standing director of the Japan Information Processing and Development Center

**Comment:** Raito Kogyo is skilled in foundation improvement and flow surface spraying work. It also excels in projects involving chemical injection. The "plus" engineering method for burying underground sewage pipes is proving a plus factor for the company.

**Nippon Dentsu Kensetsu Co., Ltd**

**Tetsuo Furuishi** (DOB: 28 March 1922), graduate of Keian Middle School

- A. A managing director since 1982
- B. 1953; 1968, a director
- C. 1950, chief of the Line Section, Funaba Telephone Office; 1978, a managing director of Nippon Bussan Co., Ltd

**Masanobu Ito** (DOB: 15 October 1933), graduate of the Faculty of Engineering, University of Osaka Prefecture

A. A managing director since 1983

B. 1983, assistant to company president

C. 1957; 1975, director of the Data Communications Headquarters First Data Division, Kinki Telecommunications Bureau; 1980, director of the Shiga Telecommunications Department

Keiichi Sakagami (DOB: 6 December 1923), graduate of Kansai Technical School

A. A director since 1983

B. 1977, deputy director of the Line Division; 1978, director of the Main Office 1st Line Division; 1982, manager of the Nara Branch Office

C. 1983, joined the Osaka Communications Bureau; 1972, chief of the Yachio Telegraph and Telephone Office; 1974, chief of the Horikawa Telephone Office

Tachiya Wakiyama (DOB: 12 April 1929), graduate of the Higher Ministry Personnel Training School

A. A director since 1983

B. 1983, assistant to the director, Sales Division

C. 1949, joined the Ministry of Telecommunications; 1967, chief of the Construction & Installation Engineering Section, Osaka Local Communications Department; 1976, chief of the Hirano Telegraph and Telephone Office; 1980, chief of Kai Telephone Office

Comment: Since close to 90 percent of work Nippon Dentsu Kensetsu undertakes comes from NTT projects, the company is directly hit by deductions in the corporation's spending for equipment investment. It however has been aggressively exploring business fields not related to NTT, and it is aiming at starting "Ascom shop" said to be an office automation store, in the Kinki area and at establishing the structure for marketing LAN. It has developed a melody phone that converts the call terminating signal sound into an electronic melody.

Kinki Tsushin Kensetsu Co., Ltd

Daijiro Takai (DOB: 29 November 1918), graduate of the Faculty of Law, University of Tokyo

A. A president since 1980

B. 1968, a managing director; 1969, an executive director; 1974, vice president; 1976, president; 1980, chairman

C. 1942, joined the Ministry of Communications; 1965, became director of the Hokkaido Telecommunications Bureau

Mitsuo Hanaki (DOB: 13 June 1930), graduate of Kyoto University's Graduate School (engineering)

- A. An executive director since 1983
- B. 1983, an adviser
- C. 1955; 1981, director of the Construction and Installation Engineering Bureau; 1983, an assistant to NTT president

Yutaka Hotta (DOB: 14 August 1922), graduate of Osaka Senmon School (college)

- A. An executive director since 1980
- B. 1965, deputy director of the Line Division; 1974, director of the Line Division; 1976, a director; 1978, a managing director
- C. 1940, joined the Osaka Communications Bureau; 1956, chief of the Line Engineering Section, Osaka Administrative Department; 1963, chief of the Line Section, Second Maintenance Engineering Division, Kinki Telecommunications Bureau

Tamotsu Hashimoto (DOB: 15 June 1924), graduate of the Faculty of Engineering, Nagoya University

- A. A managing director since 1980
- B. 1976, an adviser and a director
- C. 1948, joined the Ministry of Communications; 1974, director of the Tokyo Carrier-Frequency Communications Department

Takakatsu Shioaku (DOB: 20 April 1930), graduate of the School of Economics, Doshisha University

- A. A director since 1978
- B. 1977, director of the General Affairs Division
- C. 1953, joined the Ministry of Telecommunications; 1975, chief of the Sakai Telegraph and Telephone Office

Hiroyuki Ohashi (DOB: 2 January 1926), graduate of Osaka Municipal Miyakojima Technical College

- A. A director since 1978
- B. 1976, director of the Civil Engineering Works Division
- C. 1945, joined the Ministry of Communications; 1977, director of the Civil Engineering Works Division, Kinki Telecommunications Bureau

Sadao Imai (DOB: 30 April 1926), graduate of the Faculty of Engineering, Osaka University

A. A director since 1978

B. 1977, an assistant to the director of the Line Division; 1977, manager of the Kyoto Branch Office

C. 1949, joined the Ministry of Communications; 1974, an expert assistant to the director of the Technical Development Bureau

Yasumi Tanaka (DOB: 1 January 1924), graduate of Osaka Technical College

A. A director since 1980

B. In 1980, deputy director of the Sales Division; in 1980, director of the Sales Division and concurrently chief of the Planning Office

C. 1947, joined the Ministry of Communications; 1978, director of the Shiga Telecommunications Department

Ryojo Uchida (DOB: 23 October 1927), graduate of the Faculty of Law, Kansai University

A. A director since 1982

B. 1980, deputy director of the Line Department; 1980, director of the Line Department

C. 1943, joined the Ministry of Communications; 1977, chief of the Ikeda Telegraph and Telephone Office

Mitsuru Rokunohe (DOB: 1 July 1923), graduate of the Faculty of Engineering, Tohoku University

A. Auditor since 1982

B. 1982

C. 1948, joined the Ministry of Communications, 1971, assistant to the director of the Technical Bureau; 1973, joined Dainichi-Nippon Cables, Ltd; 1976, promoted to the company's board of directors; 1982, a managing director of the company

**Comment:** A leading engineering company in the Kinki area, Kinki Tsushin Kensetsu has cornered a 30 percent share in the market for contracts for electrical communications projects. More than 90 percent of its business comes from working for NTT, but its business with the corporation has been leveling off recently. In order to make up for the sluggish business at home, the company has aggressively been advancing into overseas markets and has succeeded in clinching an order worth



1,715 million yen from a communications network construction project in Malaysia. The company expects that work orders from Malaysia will keep pouring in for about 10 years from now. In the field of fiber optics, it has on hand a contract to build an INS truck line extending from the border between Gifu and Shiga Prefectures to Hikone City. It is also strengthening its sales network of facsimiles and telephone sets.

Nishi-Nippon Tsushin Kensetsu Co, Ltd

Katsutoshi Azuma (DOB: 22 September 1925), graduate of the Faculty of Engineering, Kyushu University

A. President since 1980

B. 1974, an adviser; 1974, an executive director

C. 1972, deputy director of the Welfare Bureau

Akira Nakajima (DOB: 4 December 1919), graduate of Kumamoto Technical College

A. A managing director since 1980

B. 1977, an adviser and concurrently director of the Sales Division; 1977, a director

C. 1975, director of the Miyazaki Telecommunications Department

Isao Koba (DOB: 22 February 1924), graduate of the Ministry Personnel Training School

A. A managing director since 1980

B. 1979, an adviser; 1979, a director

C. 1977, director of the Miyazaki Telecommunications Department

Yoshimasa Kojima (DOB: 19 November 1919), graduate of the Ministry Personnel Training School

A. A director since 1975

B. 1975, an adviser

C. 1972, chief of the Kumamoto Telephone Office

Yuichiro Kubo (DOB: 27 October 1930), graduate of the Faculty of Engineering, Kyushu University

A. A director since 1978

B. 1978, an adviser and concurrently manager of the Nagasaki Branch Office

C. 1976, director of the Fukuoka Municipal Administration Division

Kumao Shiki (DOB: 16 April 1921), graduate of the Ministry Personnel Training School

A. An adviser since 1978

B. An adviser in 1978

C. 1978, chief of the Fukuoka Long-Distance Telephone Office

Isao Kikuta (DOB: 10 August 1924), graduate of the Ministry Personnel Training School

A. A director since 1979

B. 1979, an adviser

C. 1976, chief of the Fukuoka Tenjin Telegraph and Telephone Office

Shigeru Tomisawa (DOB: 2 November 1915)

A. An auditor since 1981

B. 1971, a consultant; 1971, an executive director; 1974, company president; 1980, a consultant

C. 1967, director of the Fukuoka Municipal Administration Division

**Comment:** A regional company entrenched in Kyushu area, Nishi-Nippon Tsushin Kensetsu generates 95 percent of its revenues from working for NTT. With the July 1982 accounting term as a turning point, its sales have been following a downward curve. The company plans to lower its reliance on NTT to below 80 percent of its sales and has been promoting sales of office automation equipment and has been exploring for overseas projects. It is also honing its technical capabilities dispatching its engineers to other firms for on-the-job training.

Tohoku Tsushin Kensetsu Co, Ltd

Tadao Numakura (DOB: 8 December 1919), graduate of the Faculty of Engineering, Tohoku University

A. Chairman since 1983

B. 1969, an adviser; 1969, company president

C. 1949, joined the Ministry of Communications; 1969, an assistant to NTT president

Masao Kosuge (DOB: 13 December 1926), graduate of Tokyo Institute of Technology

A. Company president since 1983

B. 1982, an adviser; 1982, an executive director

C. 1950, joined the Ministry of Telecommunications; 1979, director of the Central Telecommunications Academy

Tomohira Okumura (DOB: 11 June 1921), graduate of Yonezawa Technical College

A. An executive director since 1983

B. 1977, an assistant to company president; 1977, a director; 1980, a managing director

C. 1943, joined the Ministry of Communications; 1975, director of the Akita Telecommunications Department

Koshio Yoshida (DOB: 14 June 1924), graduate of the Ministry Personnel Training School

A. A managing director since 1983

B. 1981, an assistant to company president; 1981, a director and chief of the General Affairs Division

C. 1939, joined the Ministry of Communications; 1979, director of the Akita Telecommunications Department

Tatsuo Sasaki (DOB: 7 September 1924), graduate of the Ministry Personnel Training School

A. A director since 1979

B. 1979, an assistant to company president; 1979, director of the Sales Division; 1982, a director and chief of the Information and Research Division

C. 1942, joined the Ministry of Communications; 1977, director of the Sendai Carrier-Frequency Communications Department

Koichiro Sasaki (DOB: 24 May 1922), graduate of Yonezawa Technical College

A. A director since 1980

B. 1973, an assistant to the director of the Line Division

C. 1948, joined the Ministry of Communications; 1971, chief of the Mizusawa Telegraph and Telephone Office

Toshio Kono (DOB: 13 December 1933), graduate of the Faculty of Engineering, Tohoku University

A. A director since 1981

B. 1970, an assistant to company president; 1980, director of the Planning Division

C. 1956; 1970, an assistant to the director of the Maintenance Engineering Division

Toshio Endo (DOB: 27 September 1925), graduate of Sendai Technical College

A. A director since 1981

B. 1976, deputy director of the Civil Engineering Works Division; 1980, director of the Civil Engineering Works Division

C. 1946, joined the Ministry of Communications; 1973, deputy director of the Akita Telecommunications Department

Hideharu Sato (DOB: 11 December 1925), graduate of Yonezawa Technical College

A. A director since 1982

B. 1982, an assistant to company president; 1982, a director and chief of the Sales Division

C. 1947, joined the Ministry of Communications; 1979, director of the Sendai Carrier-Frequency Communications Department

Jiro Hanawa (DOB: 21 March 1924), graduate of Sendai Technical College

A. A director since 1983

B. 1980; 1981, director of the Machinery Division

C. 1945, joined the Ministry of Communications; 1977, director of the Sendai Telecommunications Academy

Satoshi Miura (DOB: 24 November 1924), graduate of Morioka Technical College

A. A director since 1983

B. 1977, deputy manager of the Aomori Branch Office; 1979, manager of the Aomori Branch Office

C. 1946, joined the Ministry of Communications; 1975, chief of the Honjo Telegraph and Telephone Office

Kazusuke Yoshida (DOB: 17 December 1921), graduate of the Ministry Personnel Training School

A. A permanent auditor since 1983

B. 1976, deputy director of the General Accounting Division; 1977, director of the General Accounting Division; 1977, a director

C. 1939, joined the Ministry of Communications; 1973, chief of the Sendai Long-Distance Telephone Office

Mitsuo Akai (DOB: 16 November 1924), graduate of the Faculty of Engineering, Tohoku University

A. An auditor since 1983

B. 1974, an assistant to company president; 1975, a director and director of the Machinery Division; 1983, an adviser

C. 1948, joined the Ministry of Communications; 1973, director of the Sendai Telecommunications Academy; 1981, president of Chiaki Tsushin Kensetsu Co, Ltd

Comment: Tohoku Tsushin Kensetsu is totally dependent on NTT for its business. Although boasting the largest share of the electrical communications engineering projects in the Tohoku area, the company has been suffering from a sluggish business battered by reductions in NTT's spending for equipment investment. The revenue from working on the already completed Akita-Yamagata optical communications link amounts to about 2 billion yen per year, and it is not contributing much to the company's bottom line. It is intending to increase sales in its touch-button telephone sets and office automation equipment divisions by setting up within its main office a marketing outlet of terminal equipment.

Chubu Tsushin Kensetsu Co, Ltd

Shojo Tanemura (DOB: 15 July 1916), graduate of Yamanashi Technical College

A. Company president since 1976

B. 1972, a managing director

C. 1938; 1966, director of the Submarine Cables Engineering Office; 1969, director of the Inspection Division

Tsutomu Tagome (DOB: 12 December 1920), graduate of Kumamoto Technical College

A. A managing director since 1977

B. 1976, chief of the President's Office

C. 1941; 1961, a Municipal Section chief, Traffic Engineering Division, Tokai Telecommunications Bureau; 1970, an assistant to the director of the Traffic Engineering Bureau; 1974, director of the Internal Auditing Division, Tokai Telecommunications Bureau

Toshinori Katsu (DOB: 3 October 1926), graduate of Tokai Higher Communication School

A. A director since 1979

B. 1973, deputy director of the Line Division; 1975, director of the Line Division; 1978, manager of the Gifu Branch Office

C. 1947; 1968, chief of the Construction and Engineering Section, Gifu Telecommunications Department; 1971, director of the Plant Engineering Division, Okazaki Telegraph and Telephone Office; 1973, an assistant to the director of the Tokai Telecommunications Bureau

Hiroo Nakano (DOB: 12 October 1929), graduate of Aichi Prefectural Technical College

A. A director since 1981

B. 1972, deputy director of the Civil Engineering Works Division; 1975, director of the Civil Engineering Works Division

C. 1952; 1960, chief of the Second Engineering Section, Civil Engineering Works Division, Nagoya Central Telephone Office

Goro Mizuno (DOB: 12 March 1925), graduate of the Advanced Course of the Ministry Personnel Training School

A. A director since 1983

B. 1972, director of the Machine Engineering Works Division; 1976, director of the Supply Division; 1977, put on lease to Tokai Tsushin Soko Co, Ltd

C. 1946; 1951, assigned to the Machine Engineering Works Section, Construction and Installation Engineering Division, Tokai Telecommunications Bureau; 1952, assigned to the Machine Engineering Works Section, Nagoya Central Telephone Office; 1962, assigned to the Construction and Installation Engineering Section, Construction and Installation Engineering Division, Tokai Telecommunications Bureau

Takeji Toyoda (DOB: 8 February 1919), graduate of the Ministry Personnel Training School

A. An auditor since 1981

B. 1975, chief of the President's Office; 1976, director of the Machinery Division; 1977, director of the Business Division; 1977, a director

C. 1937; 1962, an assistant to the director of the Traffic Engineering Division, Tokai Telecommunications Bureau; 1970, chief of the Toyohashi Telegraph and Telephone Office; 1973, director of the Supply Division, Tokai Telecommunications Bureau

Comment: A first-class engineering firm so designated by NTT, Chubu Tsushin Kensetsu has the four prefectures in the Tokai area as its territory. As the number of contracts awarded by NTT has been going down, the company has been expanding its nontelephone lines of business, such



as microcomputer, office automation equipment, and software. It plans to decrease its non-NTT earnings to less than one half of its total income by 1987. Because of the sluggish business in the NTT-related fields, it has suffered a 15 percent minus growth in its ordinary income in the March 1985 term.

Seibu Denki Kogyo Co, Ltd

Masahito Jittoki (DOB: 10 January 1922), graduate of the Faculty of Law, University of Tokyo

- A. Company president since 1980
- B. 1977, an adviser, 1977, an executive director; 1978, a representative director
- C. 1947; 1974, a member on the NTT board of governors and director of the Inspection Bureau

Shojo Osanai (DOB: 4 February 1928), graduate of the Faculty of Engineering, Tohoku University

- A. An executive director since 1982
- B. 1975, an adviser; 1975, a managing director
- C. 1951; 1973, deputy director of the Kyushu Telecommunications Bureau

Kenji Udonon (DOB: 8 March 1922), graduate of the Ministry Personnel Training School

- A. A director since 1977
- B. 1977, manager of the Miyazaki Branch Office
- C. 1939; 1975, chief of the Oita Telegraph and Telephone Office

Yoshihito Kuroki (DOB: 4 February 1923), graduate of the Ministry Personnel Training School

- A. A director since 1978
- B. 1978, an adviser
- C. 1931; 1976, director of the Internal Auditing Division, Kyushu Telecommunications Bureau

Kenichi Arima (DOB: 17 December 1927), graduate of the Faculty of Engineering, Kumamoto University

- A. A director since 1979

B. 1979, an assistant to the director of the Management Information and Research Division

C. 1954; 1979, an assistant assigned to the Director's Office, Kyushu Telecommunications Bureau

Ken Hayashida (DOB: 7 March 1927), graduate of the Ministry Personnel Training School

A. A director since 1982

B. 1981, manager of the Fukuoka Branch Office

C. 1949; 1979, director of the Internal Auditing Division, Kyushu Telecommunications Bureau

Isamu Ando (DOB: 3 January 1927), graduate of the Military Academy

A. A director since 1982

B. 1982, manager of the Miyazaki Branch Office

C. 1945; 1980, director of the Kumamoto Telecommunications Academy

Yoshiaki Naito (DOB: 27 November 1929), graduate of the Faculty of Law, Kyushu University

A. A director since 1982

B. 1982, director of the Personnel Department

C. 1954; 1982, an assistant to the director of the Kyushu Telecommunications Bureau

Comment: A fifth-ranked engineering company in the electrical communications industry, Seibu Denki Kogyo has to itself a 50 percent share of the market for NTT-related works in the Kyushu area. But since it has on hand a large number of on-going projects that are not, relatively speaking, so lucrative, its performance has been stagnating. It seems even the increased income from operations on the money market is not enough to make up for the drops in revenues from business operations. In the field of optical fiber communications, it has been undertaking construction of two quasi-trunk lines between Kumamoto and Akamizu and between Oita and Beppu, but they are not much of a source for increased income because they are small-scale undertakings worth 200 or 300 million yen each. Its reliance on NTT for business is 99 percent.

Kita-Nippon Tsushin Kensetsu Co, Ltd

Kaname Yamazaki (DOB: 5 March 1927), graduate of the Faculty of Engineering, Hokkaido University

A. President since 1980

B. 1977, director of the Sales Division; 1977, an executive director

C. 1951; 1975, chief of the Construction and Installation Engineering Technology Development Office

Saneo Ouchi (DOB: 19 June 1923), graduate of the Ministry Personnel Training School

A. A managing director since 1982

B. 1979, director of the Information and Research Division and concurrently director of the Machinery Division and of the Transmission and Radio Division

C. 1941; 1977, chief of the Sapporo Higashi Telegraph and Telephone Office

Masami Mihara (DOB: 22 September 1925), graduate of Hamamatsu Technical College

A. A director since 1982

B. 1982, director of the Civil Engineering Works Administrative Division

C. 1945; 1971, an assistant assigned to the Construction and Installation Engineering Bureau; 1975, chief of the Cables Section, Supply Bureau; 1978, chief of the Hakodate Telegraph and Telephone Office; 1980, director of the Sapporo Municipal Administration Division

Hiroshi Kashiba (DOB: 28 May 1923), graduate of the Ministry Personnel Training School

A. A managing director since 1980

B. 1979, director of the General Affairs Division, and concurrently director of the Personnel Division and of the Data Processing Office

C. 1943; 1976, chief of the Asahikawa Telegraph and Telephone Office

Jun Yamamoto (DOB: 20 September 1925), graduate of the Faculty of Engineering, Hokkaido University

A. A director since 1982

B. 1974, director of the Machinery Division, and concurrently director of the Transmission and Radio Division; 1976, director of the Line Division; 1982, director of the Information and Research Division

C. 1947; 1972, chief of the General Accounting and Auditing Office, Hokkaido Telecommunications Bureau

Ichiro Kondo (DOB: 26 April 1922), graduate of the Ministry Personnel Training School

A. A permanent auditor since 1982

B. 1979, an auditor

C. 1940; 1971, director of the Auditing Division, Hokkaido Telecommunications Bureau; 1974, chief of the Management Survey and Research Office, Hokkaido Telecommunications Bureau; 1977, director of the Sapporo Long-Distance Telephone Office

Comment: A first-class engineering company so designated by NTT, Kita-Nippon Tsushin Kensetsu has a 50 percent share of the market for electrical engineering works in Hokkaido. Buffeted by a 46 percent drop over a year ago level in new contracts awarded by NTT, the company is sure to suffer reduced revenues and profits. With sales of personal computers and office automation equipment soaring, prospects for the division are bright. With the interest for CATV and LAN heightening in Hokkaido, it is probing for a way to cope with new media.

Daimei Denwa Kogyo Co, Ltd

Shoji Kugo (DOB: 12 February 1923), graduate of the Faculty of Engineering, Osaka University

A. President since 1982

B. 1971, an adviser; 1971, a director; 1972, a managing director; 1976, an executive director

C. 1945; 1969, director of the Osaka Western Area Administration Department

Kyoichi Kuwata (DOB: 21 February 1925), graduate of the Faculty of Engineering, Osaka University

A. A managing director since 1976

B. 1971, an adviser, and director of the Sales Division; 1971, a director

C. 1948; 1968, director of the Nagano Telecommunications Department

Nobuo Aoki (DOB: 17 January 1928), graduate of the School of Law, Meiji University

A. A managing director since 1978

B. 1975, director of the Personnel Division; 1975, a director

C. 1951; 1968, director of the Asahikawa Telecommunications Department; 1970, deputy director of the Kyushu Telecommunications Bureau; 1973, director of the Administrative Division, Musashino Electrical Communications Laboratory

Akira Sugita (DOB: 26 July 1929), graduate of the School of Science and Engineering, Waseda University

A. A managing director since 1982

B. 1976, an assistant to company president; 1976, a director

C. 1953; 1972, director of the Civil Engineering Works Technology Division, Construction and Installation Engineering Technology Development Office; 1974, director of the Ibaraki Telecommunications Department; 1976, an assistant to the director of the Technical Development Bureau

Tadao Yanagisawa (DOB: 2 February 1923), graduate of the Ministry Personnel Training School

A. A director since 1976

B. 1975, an adviser; 1975, deputy director of the Line Division and director of the Engineering Division, Chiba Branch Office

C. 1943; 1971, chief of the Yokohama Nishi Telegraph and Telephone Office; 1973, chief of the Omiya Telegraph and Telephone Office

Masao Shoji (DOB: 30 November 1925), graduate of the Faculty of Engineering, Tohoku University

A. A director since 1978

B. 1974, director of the Sendai Field Office; 1976, director of the Transmission and Radio Division; 1976, an adviser with the Data Processing Systems Engineering Division

C. 1948; 1969, director of the Carrier Radio Technical Development Division in the Central Telecommunications Academy; 1972, chief of the Management Research Office, Kinki Telecommunications Bureau; 1974, an assistant to the director of the Technical Development Bureau

Ikuo Kawakami (DOB: 18 May 1931), graduate of the Faculty of Engineering, Osaka University

A. A director since 1979

B. 1979, an adviser and acting manager of the Osaka Branch Office

C. 1954; 1969, director of the Nagoya Carrier-Frequency Communications Department; 1975, director of the Osaka Eastern Area Administration Division; 1979, an assistant assigned to the Kinki Telecommunications Bureau

Makio Yamamoto (DOB: 31 March 1925), graduate of the College of Engineering, Waseda University

A. A director since 1981

B. 1979, an adviser and an assistant to company president; 1979, manager of the Yokohama Branch Office

C. 1944; 1971, director of the Construction and Installation Engineering Division, Tokyo Telecommunications Bureau; 1973, director of the Tokyo Electrical Communications Engineering Office; 1976, director of the Yamanashi Telecommunications Department

Tsunegoro Otsu (DOB: 12 February 1925), graduate of the Ministry Personnel Training School

A. A director since 1982

B. 1982, an adviser and director of the Safety and Quality Control Division; 1982, chief of the Business Improvement Promotion Office; 1982, director of the No 2 Telephone Installation Division

C. 1942; 1968, director of the Traffic Engineering Division, Chugoku Telecommunications Bureau; 1972, chief of the Niigata Telephone Office; 1974, director of the Osaka Western Area Administration Department; 1979, assigned to Suzuka Telecommunications Academy

Yasuo Harada (DOB: 9 March 1921), graduate of the Faculty of Engineering, Osaka University

A. An auditor since 1984

B. 1975, an executive director; 1976, company president; 1982, company chairman

C. 1946; 1959, chief of the Electric Power Section, Plant Engineering Bureau; 1962, chief of the Construction and Installation Engineering Section, Construction and Installation Engineering Bureau; 1974, a member on the NTT board of governors

Tokio Kadono (DOB: 6 May 1917), attended but did not graduate from Hikone Technical College

A. An auditor since 1982

B. 1972, an adviser with the Osaka Branch Office, and director of the Business Department; 1974, a director; 1979, a managing director

C. 1934; 1967, chief of the Yamato Takada Telephone Office; 1969, chief of the Nara Telegraph Office

Comment: A first-class general engineering company so designated by NTT, Daime Denwa Kogyo is the third-ranked company in the electrical communications engineering industry. The Tohoku area is its territory. Battered by reduced investment by NTT, the company has suffered a minus growth in civil engineering works, resulting in diminished revenues and profits. Prospects for the fiscal year 1985 and thereafter are not rosy but the company plans to tide over the difficulty by marketing office automation equipment such as personal computers and word processors. As part of its plan to expand its



consumer electronics, the company opened on 26 July in Osaka City "Telecom & OA," the first of a series of stores to be opened. Five such stores are to be opened across the nation, including Tokyo and Yokohama, over the September to October period. The company's strategy is based on the prospects that the telephone set market will grow and that as a result of digitalization of data communications, the telephone network will increasingly come to be linked with OA equipment.

Nippon Tsushin Kensetsu Co, Ltd

Masumi Hashimoto (DOB: 26 February 1919), graduate of the Faculty of Engineering, University of Tokyo

A. President since 1978

B. 1975, an executive director; 1981, president of General Systems Engineering, Co, Ltd (concurrently)

C. 1932; 1970, chief of the Tokyo Telecommunications Bureau; 1973, a member on the NTT board of governors, and director of the Tokyo Telecommunications Bureau

Akio Yoshimura (DOB: 11 July 1924), graduate of the School of Science and Engineering, Waseda University

A. An executive director since 1982

B. 1972, director of the Civil Engineering Works Division; 1974, a director; 1979, a managing director

C. 1947; 1969, director of the Tokyo Port Area Administration Department, Tokyo Telecommunications Bureau

Yoshio Ishikawa (DOB: 1 January 1926), graduate of the Faculty of Engineering, Kyushu University

A. An executive director since 1984

B. 1976, a director; 1981, a managing director

C. 1948; 1973, deputy director of the Tokai Telecommunications Bureau; 1974, an assistant assigned to the Technical Development Bureau

Kanjiro Oki (DOB: 26 April 1926), graduate of the Faculty of Engineering First Department, University of Tokyo

A. 1984, an executive director

B. 1984, an adviser

C. 1949; 1977, director of the Data Communications Headquarters; 1980, a member on the NTT board of governors and director of the Kinki Telecommunications Bureau; 1983, a board director in charge of general affairs

Minoru Otomo (DOB: 13 October 1927), graduate of the Faculty of Engineering, Tohoku University

A. A managing director since 1983

B. 1978, chief of the Osaka Branch Office; 1979, a director; 1982, president (concurrently) of Tsuken Engineering Co

C. 1951; 1974, director of the Shizuoka Telecommunications Department, Tokai Telecommunications Bureau

Kazumi Kamimaru (DOB: 17 June 1929), graduate of the Faculty of Law, University of Tokyo

A. 1984, a director

B. 1979, director of the General Affairs Division; 1981, a director; 1984, director of the Administrative Headquarters

C. 1953; 1976, director of the Tokyo Sumida Area Administration Department, Tokyo Telecommunications Bureau

Minoru Bokuki (DOB: 8 June 1922), graduate of the Faculty of Engineering, Second Department, University of Tokyo

A. A director since 1979

B. 1979; 1979, an executive director of the Furukawa Electric Co, Ltd (concurrently)

C. 1945; 1976, a managing director of the Furukawa Electric Co, Ltd

Sunao Jingushi (DOB: 16 January 1930), graduate of the Faculty of Engineering, Kyushu University

A. A director since 1983

B. 1983

C. 1953; 1976, director of the Trunk Line Switching System, Musashino Electrical Communications Laboratory; 1973, a director of Oki Electric Industry Co, Ltd; 1979, a managing director of the same company (concurrently)

Iwao Hanzawa (DOB: 3 January 1924), graduate of Sendai Technical College

A. A director since 1981

B. 1979, an assistant to company president; 1979, director of the Sales Division; 1980, director of the Sales Division, Sales Headquarters

C. 1945; 1975, director of the Nagoya Carrier-Frequency Communications Department, Tokai Telecommunications Bureau

Junji Kuraishi (DOB: 6 August 1930), graduate of the Faculty of Engineering, Shinshu University

A. A director since 1981

B. 1979, director of the Machinery Division; 1981, director of the Machinery Headquarters

C. 1953; 1976, director of the Saitama Telecommunications Department, Kanto Telecommunications Bureau

Eijiro Fukase (DOB: 28 July 1930), graduate of the Faculty of Engineering, Tohoku University

A. A director since 1982

B. 1980, director of the Civil Engineering Works Division; 1981, director of the Civil Engineering Works Headquarters

C. 1954; 1977, chief of the Construction and Installation Engineering Technology Development Office

Hikoshi Hiraoka (DOB: 20 August 1931), graduate of the School of Science and Engineering, Waseda University

A. A director since 1982

B. 1981, manager of the Osaka Branch Office

C. 1954; 1978, director of the Osaka North Area Administration Department, Kinki Telecommunications Bureau

Yoshio Adachi (DOB: 5 September 1922), graduate of Tokyo Denki Gakko

A. A director since 1983

B. 1978, deputy director of the Machinery Division; 1979, deputy director of the Sales Division; 1980, director of the Information and Research Division

C. 1938; 1976, director of the Construction and Installation Engineering Division, Tokyo Telecommunications Bureau

Noboru Mitsuno (DOB: 3 May 1932), graduate of the Faculty of Engineering, Hokkaido University

A. A director since 1984

B. 1982, deputy director of the Telephone Installation Headquarters

C. 1955; 1974, director of the Fukui Telecommunications Department, Hokuriku Telecommunications Bureau; 1982, an assistant assigned to the Technical Development Bureau

Hiroaki Soejima (or Koki) (DOB: 24 August 1932), graduate of the Faculty of Engineering, Kyushu University

A. A director since 1984

B. 1981, director of the Information Engineering Division, Data Communications System Headquarters

C. 1955; 1977, director of the Osaka Data Communications Office; 1979, director of the Tokyo Central Data Communications Office

Comment: More than 90 percent of Nippon Tsushin Kensetsu's business comes from contracts awarded by NTT, and it is the first-class engineering company so designated by NTT. The company's territory of business activity is based in the Kanto area. It has to itself the second largest share of the market for electrical communications engineering works. Faced with a slowdown in the increase for contracts awarded by NTT, the company has been aggressively promoting marketing of data processing-related equipment, such as development of software, personal computers, and touch-button telephone sets. Its fiscal 1984 goal is a 50 percent increase in sales over the preceding year. As part of the company's intensified activity in this field, it has succeeded in landing a contract for development of software for "Ticket Pia," a ticket-reservation system, from the information journal "Pia."

On 10 January, it recruited Kanjiro Oki, a member on NTT board of governors in charge of general affairs, as the heir apparent to the current company president, in an effort to accelerate its evolution into a new media-oriented company.

Kyowa Densetsu Co, Ltd

Atsushi Hirayama (DOB: 25 April 1913), graduate of the Faculty of Engineering, University of Tokyo

A. Chairman since 1977

B. 1966, an adviser; 1966, president

C. 1936; 1962, a member on the NTT board of governors in charge of general affairs

Yoshiyuki Araki (DOB: 2 March 1918), graduate of the Faculty of Engineering, Hokkaido University

A. President since 1980

B. 1970, a managing director; 1974, an executive director; 1978, vice president

C. 1942; 1968, director of the Hokkaido Telecommunications Bureau

Mikio Iwanaga (DOB: 14 June 1926), graduate of the Faculty of Engineering, Kyoto University

A. An executive director since 1983

B. 1975, a director; 1979, a managing director

C. 1948; 1972, director of the Construction and Installation Engineering Development Office

Iwato Asahara (DOB: 12 July 1925), graduate of the Faculty of Economics, University of Tokyo

A. A managing director since 1980

B. 1980, an adviser

C. 1950; 1979, director of the Tokyo Telecommunications Bureau

Tatsuo Saito (DOB: 30 August 1921), graduate of the Faculty of Engineering, Second Department, University of Tokyo

A. A director since 1976

B. 1976; 1981, an executive director of Sumitomo Electric Industries, Ltd; 1984, president of Shin-Meguro Keiki Co, Ltd (concurrently)

C. 1944; 1970, director of the Tokai Telecommunications Bureau; 1973, a director of Sumitomo Electric Industries, Ltd; 1976, a managing director of the same company

Yoshiki Chiba (DOB: 26 September 1926), graduate of the Faculty of Engineering, Tohoku University

A. A managing director since 1984

B. 1974, manager of the Sendai Branch Office; 1978, a director

C. 1950; 1967, director of the Plant Engineering Division, Kanto Telecommunications Bureau

Tadao Nagano (DOB: 15 November 1926), graduate of the Faculty of Engineering, Kyushu University

A. A managing director since 1984

B. 1975, manager of the Osaka Branch Office; 1978, a director

C. 1950; 1973, director of the Osaka North Area Administration Department

Hiroshi Yoshida (DOB: 30 March 1922), graduate of the Faculty of Law, Chuo University

A. A director since 1981

B. 1967, chief of the General Affairs Section; 1975, director of the General Affairs Division

C. 1941; 1966, deputy chief of the Itabashi Telephone Office

Toshio Kuwano (DOB: 13 February 1931), graduate of the Faculty of Science and Engineering, Waseda University

A. A director since 1982

B. 1979, deputy director of the Overseas Telephone Installation Division; 1982, deputy director of the Overseas Telephone Installation Headquarters

C. 1953; 1974, director of the Brasilia Resident Office; 1979, an assistant to the director of the Technical Development Bureau

Kingo Sone (DOB: 28 July 1931), graduate of the Faculty of Engineering, Yamanashi University

A. A director since 1982

B. 1982, deputy director of the Sales Division; 1982, director of the Line Division

C. 1954; 1976, chief of the Submarine Cable-Laying Office; 1978, deputy director of the Kinki Telecommunications Bureau; 1981, an assistant to the director of the Technical Development Bureau

Toshinori Sato (DOB: 19 March 1925), graduate of the Ministry Personnel Training School

A. A director since 1983

B. 1979, deputy director of the Personnel Division; 1979, director of the Personnel Division

C. 1943; 1978, director of the Osaka Naka Area Administration Department; 1979, an assistant to the chief of the Secretaries' Office for NTT president

Osamu Kamiya (DOB: 1 September 1923), graduate of Keijo Technical College

A. A director since 1983

B. 1980, deputy director of the Sales Division; 1981, director of the Transmission Division; 1982, director of the Engineering Division and concurrently director of the Safety Administration Division; 1983, assigned to the Sales Division



C. 1945; 1978, director of the Shinjuku Area Administration Department; 1980, an assistant to the director of the Technical Development Bureau

Hideo Nakamura (DOB: 9 September 1916), graduate of the Faculty of Engineering, Osaka University

A. A permanent auditor since 1983

B. 1959, a director; 1966, a managing director; 1970, an executive director; 1977, president; 1980, a consultant; 1981, an auditor

C. 1939; 1950, director of the Construction and Installation Engineering Division, Kanto Telecommunications Bureau, Ministry of Telecommunications

Nobuo Morikawa (DOB: 8 January 1915), graduate of the Ministry Personnel Training School

A. An auditor since 1979

B. 1970, director of the Personnel Division; 1973, a director

C. 1937; 1968, director of the Tokyo Taito Area Administration Department

Comment: The leader in the electrical communications engineering industry, Kyowa Densetsu has, along with Nippon Tsushin Kensetsu, been overwhelming other companies in the volume of work awarded by NTT. But, with NTT's spending for construction slowing down, the company's revenues have also been showing a sign of leveling off. The company's difficulty may be a typical example of the troubles other NTT-family companies are also experiencing due to drops in NTT spendings for investment. For Kyowa Densetsu well-skilled, in particular, in large-scale civil engineering works for communications equipment, the ratio of civil engineering work for cable laying is high in its total operations. Aiming for reducing its heavy reliance on NTT, the company has been turning its attention to overseas markets, as evidenced by its opening in May a resident office in Thailand. Against its high hope of INS-related projects, the contracts the company has so far received are worth only about 3 billion yen. It is hard at work trying to crawl out of the slump by building up its human resources through measures such as dispatching its software engineers to NEC Corporation for training. It is 100 percent dependent on NTT.

Toyo Denki Tsushin Kogyo Co, Ltd

Kiyoshi Suzuki (DOB: 27 January 1919), graduate of the Institute for Training of Communications Ministry Officials

A. An executive director since 1975

B. 1975, an adviser; 1983, a director of Toei Densetsu Kogyo Co, Ltd (concurrently)

C. 1941; 1974, chief of the Shikoku Electrical Communications Office (Bureau)

Haruo Yabe (DOB: 11 March 1925), graduate of the Faculty of Engineering, Hokkaido University

A. A managing director since 1979

B. 1973, director of the Machinery Department, Osaka Branch Office; 1973, a director; 1978, a director of Kokyo Keibi Hoshio Co, Ltd (concurrently)

C. 1948; 1971, director of the Osaka Carrier-Frequency Communications Department

Tokusuke Imamura (DOB: 20 March 1923), graduate of the Faculty of Engineering, Tohoku University

A. A director since 1977

B. 1977

C. 1945; 1974, director of the Maintenance Bureau; 1976, an adviser with Showa Electric Wire & Cable Co, Ltd; 1976, a managing director of the same company (concurrently)

Hideo Nakayama (DOB: 16 December 1923), graduate of the College of Engineering, Nippon University

A. A director since 1970

B. 1969, director of the Machinery Division

C. 1947; 1968, an assistant to the director of the Construction and Installation Engineering Bureau

Fumiaki Murayama (DOB: 20 July 1934), graduate of Nagoya Institute of Technology

A. A director since 1981

B. 1980, a "Riji" director; 1980, director of the Tunnel Construction Engineering Division

C. 1957; 1978, chief of the Kawasaki Telegraph and Telephone Office

Yoichiro Ono (DOB: 29 August 1924), graduate of the Ministry Personnel Training School

A. A director since 1983

B. 1980, manager of the Tachikawa Branch Office; 1981, a "Riji" director

C. 1941; 1977, director of the Wakayama Telecommunications Department

Comment: Toyo Denki Tsushin is relying on NTT for less than 90 percent of its business, but the amount of its total business dealings with the corporation has been leveling off. It is placing its high hope on fiber optics-related projects, but proceeds from such undertakings are of small contribution to its overall revenues. It is planning to improve its performance through increased sales of office automation equipment and software. In overseas markets, the company has won contracts involving installation of digital switching equipment in Southeast Asian countries and North America. For acquiring INS-related technology, it has dispatched its engineers to NEC Corporation.

**Nippon Denwa Shisetsu Co, Ltd**

Kotaro Tanaka (DOB: 10 June 1922), graduate of the Faculty of Engineering, University of Tokyo

- A. President since 1976
- B. 1974; 1975, a managing director
- C. 1945; 1973, director of the Supply Bureau; 1974, an assistant to NTT president

Yoshio Kudo (DOB: 16 January 1917), graduate of the Institute for Training of Communications Ministry Officials

- A. An executive director since 1983
- B. 1972; 1972, a director; 1976, a managing director
- C. 1932; 1970, deputy director of the General Accounting Department

Sadamasa Ito (DOB: 8 August 1923), graduate of the Faculty of Engineering, Kyoto University

- A. A managing director since 1981
- B. 1974; 1974, chief of the Preparatory Office for Computerization; 1976, a director
- C. 1948; 1972, director of the Mie Electrical Communications Office

Fumio Ito (DOB: 30 June 1920), graduate of Hamamatsu Technical College

- A. A director since 1981
- B. 1977, chief clerk; 1978, acting director of the Business Department; 1979, director of the Business Department
- C. 1947; 1974, chief of the Gifu Telegraph and Telephone Office

Masaru Gamano (DOB: 2 October 1923), graduate of Okazaki Middle School

- A. A director since 1981
- B. 1979, chief clerk; 1979, acting manager of the Nagoya Branch Office
- C. 1941; 1977, chief of the Gifu Telegraph and Telephone Office

Takashi Tsuruta (DOB: 22 August 1924), graduate of Nagoya Technical College

- A. A director since 1983
- B. 1981, chief clerk; 1982, director of the Sales Division
- C. 1950; 1979, chief of the Nagoya Long-Distance Telephone Office

Kazuo Suzuki (DOB: 19 February 1926), graduate of the Naval Academy

- A. A director since 1983
- B. 1972; 1972, director of the Tunnel Engineering Office; 1981, manager of the Okazaki Branch Office
- C. 1948; 1968, an assistant assigned to the Civil Engineering Works Division, Tokai Telecommunications Bureau

Akira Sugiura (DOB: 17 June 1915), graduate of the Ministry Personnel Training School

- A. A permanent auditor since 1982
- B. 1974; 1975, director of the Sales Division; 1975, a director; 1978, a managing director; 1981, an auditor
- C. 1933; 1969, director of the Mie Telecommunications Department; 1972, chief clerk, Tokai Branch Office of the Association of Telegraph and Telephone Installation Engineering Firms

Ichimatsu Suzuki (DOB: 31 January 1906), graduate of Hamamatsu Technical College

- A. An auditor since 1983
- B. 1965; 1965, a managing director; 1968, president; 1976, chairman
- C. 1927; 1962, director of the Maintenance Engineering Bureau

Comment: A leading telephone installation engineering company with its base of business in the Tokai area, Nippon Denwa Shisetsu is a first-class engineering company so designated by NTT. As a result of reductions in investment by NTT, the company has suffered a minus growth in its NTT-related business division but has achieved a 60 percent increase

in its overseas engineering division. To cope with the debut of the highly advanced information-oriented society, the company is in the process of changing the line of its business from one centered on hardware--construction of communications equipment--into one centered on software. As a step to that goal, it has been aggressively promoting office automation within the company itself, and it plans to introduce LAN and CAD systems by the end of 1985. At the end of June, it also opened "Telecom Center NDS Tsurumai" within the headquarters building to start marketing office automation equipment. An urgent task for the company is beefing up its computer staff.

Sanwa Daiei Kogyo Co, Ltd

Kojiro Kawasaki (DOB: 22 September 1920), graduate of the Faculty of Law, University of Tokyo

A. President since 1979

B. 1979, an adviser

C. 1946; 1970, director of the Chugoku Telecommunications Bureau; 1973, director of the Tokai Telecommunications Bureau; 1977, director of the Business Administration Bureau; 1977, a member of the NTT board of governors

Minoru Yamazaki (DOB: 24 September 1927), graduate of the School of Science and Engineering, Waseda University

A. A managing director since 1979

B. 1977, an adviser; 1977, a director

C. 1951; 1974, director of the Supply Division, Kanto Telecommunications Bureau

Yoshio Fukushima (DOB: 31 March 1928), graduate of the Faculty of Engineering, Osaka University

A. A managing director since 1981

B. 1981, director of the Overseas Projects Promotion Department

C. 1951; 1970, director of the Niigata Radio Communications Department; 1952, a consultant for NEC Corporation's Mobile Radio Business Division; 1979, director of the same company's Mobile Communications System Division

Akira Todoriki (DOB: 1 January 1931), graduate of the Faculty of Law, University of Tokyo

A. A managing director since 1984

B. 1980, an adviser; 1980, a director

C. 1953; 1973, director of the Wakayama Telecommunications Department; 1975, director of the Fukuoka Telecommunication Department; 1978, director of the Tokyo Sumida Area Administration Department

Hiroshi Urime (DOB: 7 August 1925), graduate of Kiriu Technical College

A. A director since 1979

B. 1974, director of the Machinery Division, Telecommunications Department; 1975, a "Riji" director and director of the Machinery Division, Telecommunications Department

C. 1946; 1971, chief of the Hachioji Telegraph and Telephone Office

Masanobu Yamano (DOB: 14 December 1926), graduate of the Faculty of Engineering, Osaka University

A. A permanent auditor since 1983

B. 1973, an adviser; 1973, a director; 1977, a managing director; 1979, an executive director

C. 1948; 1968, director of the Fukushima Telecommunications Department; 1970, director of the Kanagawa Telecommunications Department

Comment: A company affiliated with Fujikura Ltd, Sanwa Daiei Denki Kogyo generates about 40 percent of its business from contracts awarded by NTT. NTT's reductions in spending for plant and equipment investment are reflected as shrinking workload in the field of telecommunication engineering, and with it the margins of profits in its dealings with the corporation have been on a downward curve. It has aggressively been exploring the private sector for business, such as wiring of buildings, installation of electrical equipment in buildings, etc., and overseas markets in Southeast Asia and South America. It seems the company is trying to make a great advance by developing its technology in fiber optics.

Hibiya Sogo Setsubi Co, Ltd

Senkichi Suzuki (DOB: 3 November 1906), graduate of the Faculty of Engineering, Kyoto University

A. Chairman since 1978

B. 1966, president

C. 1931, joined the Ministry of Communications; 1947, chief of the Toll Section, Engineering Bureau; 1945, launched Kyodo Kogyo Co, Ltd; 1966, started Hibiya Sogo Setsubi Co, Ltd



Shunichi Nomura (DOB: 18 May 1917), graduate of the Faculty of Engineering, University of Tokyo

A. President since 1978

B. 1975, vice president

C. 1940, joined the Ministry of Communications; 1965, director of the Building Bureau; 1969, a "Riji" director and director of the Building Bureau; 1969, a managing director of the Konoike-Gumi, Ltd; 1974, a managing director of the same company

Yoshio Mizuochi (DOB: 20 July 1925), graduate of the Ministry Personnel Training School

A. An executive director since 1979

B. 1966, director of the General Affairs Division; 1970, a director; 1975, a managing director

C. 1940, joined the Ministry of Communications; 1963, assistant chief of the Contracting Section, Building Bureau

Koichi Fukuda (DOB: 11 April 1928), graduate of the Faculty of Law, Kyoto University

A. An executive director since 1982

B. 1977, director of the General Affairs Division; 1978, a director; 1979, a managing director

C. 1952, joined the Ministry of Telecommunications; 1974, deputy director of the Building Bureau

Susumu Nagata (DOB: 16 September 1928), graduate of Yamanashi Technical College

A. A managing director since 1982

B. 1966, an engineer at the Planning Office; 1976, a director and director of the 1st Engineering Division; 1979, a director and director of the Engineering Headquarters

C. 1952, joined the Ministry of Telecommunications; 1965, assigned to the Tokai Telecommunications Bureau

Masahiro Tsukushi (DOB: 16 February 1925), graduate of Kumamoto Technical College

A. A managing director since 1982

B. 1974, manager of the Fukuoka Branch Office; 1978, a director and manager of the Fukuoka Branch Office

C. 1954; 1972, director of the Building Division, Hokuriku Telecommunications Bureau

Yoshiharu Gamo (DOB: 5 July 1924), graduate of Osaka College

A. A managing director since 1984

B. 1969, acting manager of the Osaka Branch Office; 1971, manager of the Osaka Branch Office; 1972, a director and manager of the Osaka Branch Office

C. 1948, joined the Ministry of Communications; 1966, chief of the Facilities and Equipment Section, Building Division, Tokyo Telecommunications Bureau; 1968, assistant assigned to the Kinki Telecommunications Bureau

Seiji Aokawa (DOB: 27 September 1931), graduate of the School of Science and Engineering, Waseda University

A. A director since 1981

B. 1981, a director and chief of the Technical Center

C. 1955; 1974, chief of the Facilities and Equipment Section, Building Bureau; 1978, an assistant to the director of the Special Building Engineering Office, Building Bureau

Yutaka Ishii (DOB: 8 May 1924), graduate of Hiroshima Technical School

A. A director since 1982

B. 1970, an engineer at the Engineering Headquarters; 1972, director of the Housing Furnishing Equipment Division; 1976, director of the Procurement Division

C. 1947, joined the Ministry of Communications; 1969, chief of the Facilities and Equipment Section, Kanto Teishin Byoin Hospital

Akira Kimura (DOB: 20 March 1928), graduate of Aichi Prefectural Technical College

A. A director since 1983

B. 1963, manager of the Nagoya Branch Office; 1983, a director and manager of the Nagoya Branch Office

C. 1950, joined the Ministry of Telecommunications; 1969, chief of the Equipment Section, Tokyo Telecommunications Bureau; 1973, assistant to the director of the Tokai Telecommunications Bureau

Shigeru Takahashi (DOB: 19 May 1927), graduate of the Faculty of Engineering, University of Tokyo

A. An auditor since 1984

B. 1975, a director; 1976, a managing director

C. 1953; 1970, director of the Building Division, Tokyo Telecommunications Bureau; 1973, an assistant to the director of the Building Bureau

Atsushi Hirayama (DOB: 25 April 1927), graduate of the Faculty of Engineering, University of Tokyo

A. An auditor since 1977

B. 1977, an auditor

C. 1962, a member on the NTT board of governors in charge of general affairs; 1967, president of Kyowa Densetsu Co, Ltd; 1977, chairman of the same company (currently)

Comment: A medium-scale company mainly specializing in installation of air-conditioning equipment, Hibiya Sogo Setsubi is largely dependent on NTT for its air-conditioning equipment installation work. Drops in the number of contracts awarded by NTT are forcing the company to seek other sources of revenues. It has succeeded, jointly with other firms, in clinching a contract for construction of a clean room at NTT's Atsugi Electrical Communications Laboratory, an engineering project to be of top rank in the world. For the future, the company plans to exert its greatest efforts for winning contracts for construction of clean rooms. It is also planning to advance into the clean room market in Southeast Asia, especially Singapore.

#### Outlines of Construction and Electrical Engineering Companies

##### Fujita Corporation

Main Office: Located in Shibuya-ku, Tokyo

Established: April 1937

Employees: 5,296

Capital Stock: 15,942 million yen

Sales: 427.39 billion yen (November 1983 term)

Assets: 534.074 billion yen

Main Banks: The Mitsui Bank, Ltd; The Tokai Bank, Ltd; The Mitsui Trust & Banking Co, Ltd; The Sumitomo Trust & Banking Co, Ltd; The Sanwa Bank, Ltd; The Daiwa Bank, Ltd

##### Matsui Construction Co, Ltd

Main Office: Located in Chuo-ku, Tokyo

Established: January 1939

Employees: 842

Capital Stock: 1,290 million yen

Sales: 41.59 billion yen (March 1984 term)

Assets: 32.955 billion yen

Main Banks: The Fuji Bank, Ltd; The Hokuriku Bank, Ltd; The Yasuda Trust & Banking Co, Ltd; The Tokai Bank, Ltd; The Taiyo Kobe Bank, Ltd

Ando Construction Co, Ltd

Main Office: Located in Minato-ku, Tokyo

Established: March 1918

Employees: 1,941

Capital Stock: 3,750 million yen

Sales: 101.072 billion yen (March 1984 term)

Assets: 74.502 billion yen

Main Banks: The Dai-Ichi Kangyo Bank, Ltd; The Tokai Bank, Ltd; The Mitsui Bank, Ltd; The Mitsubishi Bank, Ltd; The Chuo Trust & Banking Co, Ltd

Raito Kogyo Co, Ltd

Main Office: Located in Chiyoda-ku, Tokyo

Established: September 1948

Employees: 1,243

Capital Stock: 2,477 million yen

Sales: 37.362 billion yen (October 1983 term)

Assets: 24.446 billion yen

Main Banks: The Taiyo Kobe Bank, Ltd; The Kyowa Bank, Ltd; The Hokuriku Bank, Ltd; The Mitsui Bank, Ltd; The Fuji Bank, Ltd

Nippon Dentsu Kensetsu Co, Ltd

Main Office: Located in Minato-ku, Osaka

Established: October 1947

Employees: 530

Capital Stock: 730 million yen

Sales: 8.759 billion yen (March 1984 term)

Assets: 6.578 billion yen

Main Banks: The Kyowa Bank, Ltd; The Daiwa Bank, Ltd; The Dai-Ichi Kangyo Bank, Ltd; The Mitsui Bank, Ltd; The Sanwa Bank, Ltd; The Sumitomo Bank, Ltd

Kinki Tsushin Kensetsu Co, Ltd

Main Office: Located in Nishi-ku, Osaka

Established: June 1960

Employees: 1,099

Capital Stock: 727 million yen

Sales: 23.277 billion yen (September 1983 term)

Assets: 8.969 billion yen

Main Banks: The Sumitomo Bank, Ltd; The Mitsubishi Bank, Ltd; The Sanwa Bank, Ltd; The Daiwa Bank, Ltd; The Dai-Ichi Kangyo Bank, Ltd; The Taiyo Kobe Bank, Ltd

Nishi-Nippon Tsushin Kensetsu Co, Ltd

Main Office: Located in Kumamoto-shi, Kumamoto-ken

Established: September 1954

Employees: 1,200  
Capital Stock: 550 million yen  
Sales: 20.982 billion yen (July 1983 term)  
Assets: 8.572 billion yen  
Main Banks: The Higo Bank, Ltd; The Daiwa Bank, Ltd; The Dai-Ichi Kangyo Bank, Ltd; The Fuji Bank, Ltd; The Eighteen Bank, Ltd

Tohoku Tsushin Kensetsu Co, Ltd

Main Office: Located in Sendai-shi, Miyagi-ken  
Established: February 1955  
Employees: 1,030  
Capital Stock: 750 million yen  
Sales: 28.912 billion yen (June 1983 term)  
Assets: 11.670 billion yen  
Main Banks: 77 Bank, Ltd; The Fuji Bank, Ltd; The Mitsubishi Bank, Ltd; The Dai-Ichi Kangyo Bank, Ltd; The Sumitomo Bank, Ltd; The Kyowa Bank, Ltd; The Mitsui Bank, Ltd

Chubu Tsushin Kensetsu Co, Ltd

Main Office: Located in Nishi-ku, Nagoya-shi  
Established: May 1954  
Employees: 895  
Capital Stock: 687 million yen  
Sales: 16.612 billion yen (March 1984 term)  
Assets: 7.187 billion yen  
Main Banks: The Tokai Bank, Ltd; The Daiwa Bank, Ltd; The Sumitomo Bank, Ltd; The Sumitomo Trust & Banking Co, Ltd

Seibu Denki Kogyo Co, Ltd

Main Office: Located in Kumamoto-shi, Kumamoto-ken  
Established: July 1947  
Employees: 1,626  
Capital Stock: 900 million yen  
Sales: 30.311 billion yen (May 1984 term)  
Assets: 20.374 billion yen  
Main Banks: The Higo Bank, Ltd; The Dai-Ichi Kangyo Bank, Ltd; The Fuji Bank, Ltd; The Eighteen Bank, Ltd; The Sumitomo Bank, Ltd; The Bank of Fukuoka, Ltd; The Sumitomo Trust & Banking Co, Ltd; The Yasuda Trust & Banking Co, Ltd

Kita-Nippon Tsushin Kensetsu Co, Ltd

Main Office: Located in Nishi-ku, Sapporo-shi  
Established: April 1951  
Employees: 762  
Capital Stock: 735 million yen  
Sales: 21.883 billion yen (September 1983 term)  
Assets: 10.827 billion yen

Main Banks: The Sumitomo Bank, Ltd; The Hokkaido Takushoku Bank, Ltd; The Hokkaido Bank, Ltd, The Tokai Bank, Ltd

Daimi Denwa Kogyo Co., Ltd

Main Office: Located in Shinagawa-ku, Tokyo

Established: December 1944

Employees: 1,397

Capital Stock: 1,617 million yen

Sales: 34.739 billion yen (September 1983 term)

Assets: 19.470 billion yen

Main Banks: The Industrial Bank of Japan, Ltd; The Fuji Bank, Ltd; The Dai-Ichi Kangyo Bank, Ltd; The Kyowa Bank, Ltd; The Sumitomo Bank, Ltd; The Mitsubishi Bank, Ltd

Nippon Tsushin Kensetsu Co., Ltd

Main Office: Located in Minato-ku, Tokyo

Established: December 1951

Employees: 3,349

Capital Stock: 3,025 million yen

Sales: 84.748 billion yen (December 1983 term)

Assets: 42.657 billion yen

Main Banks: The Mitsubishi Bank, Ltd; The Mitsubishi Trust & Banking Co., Ltd; The Dai-Ichi Kangyo Bank, Ltd; The Fuji Bank, Ltd; The Sanwa Bank, Ltd; The Sumitomo Bank, Ltd; The Bank of Tokyo, Ltd

Kyowa Densetsu Co., Ltd

Main Office: Located in Minato-ku, Tokyo

Established: May 1954

Employees: 3,211

Capital Stock: 4,026 million yen

Sales: 90.965 billion yen (March 1984 term)

Assets: 52.492 billion yen

Main Banks: The Fuji Bank, Ltd; The Sumitomo Bank, Ltd; The Mitsubishi Bank, Ltd; The Tokai Bank, Ltd; The Dai-Ichi Kangyo Bank, Ltd

Toyo Denki Tsushin Kogyo Co., Ltd

Main Office: Located in Minato-ku, Tokyo

Established: February 1946

Employees: 1,574

Capital Stock: 1,820 million yen

Sales: 30.047 billion yen (March 1984 term)

Assets: 14.810 billion yen

Main Banks: The Mitsui Bank, Ltd; The Dai-Ichi Kangyo Bank, Ltd; The Mitsubishi Bank, Ltd; The Fuji Bank, Ltd; The Sanwa Bank, Ltd; The Sumitomo Bank, Ltd; The Toyo Trust & Banking Co., Ltd; The Mitsui Trust & Banking Co., Ltd



#### Nippon Denwa Shisetsu Co, Ltd

Main Office: Located in Naka-ku, Nagoya-shi

Established: May 1954

Employees: 1,801

Capital Stock: 1,650 million yen

Sales: 33.110 billion yen (March 1984 term)

Assets: 14.630 billion yen

Main Banks: The Dai-Ichi Kangyo Bank, Ltd; The Tokai Bank, Ltd; The Sumitomo Bank, Ltd; The Bank of Tokyo, Ltd

#### Sanwa Daiei Denki Kogyo Ltd

Main Office: Located in Minato-ku, Tokyo

Established: September 1947

Employees: 805

Capital Stock: 882 million yen

Sales: 21.904 billion yen (March 1984 term)

Assets: 13.497 billion yen

Main Banks: The Mitsubishi Bank, Ltd; The Taiyo Kobe Bank, Ltd; The Tokai Bank, Ltd; The Dai-Ichi Kangyo Bank, Ltd; The Sumitomo Bank, Ltd; The Daiwa Bank, Ltd

#### Hibiya Sogo Setsubi Co, Ltd

Main Office: Located in Minato-ku, Tokyo

Established: March 1966

Employees: 686

Capital Stock: 920 million yen

Sales: 35.950 billion yen (March 1984 term)

Assets: 34.111 billion yen

Main Banks: The Sumitomo Bank, Ltd; The Dai-Ichi Kangyo Bank, Ltd; The Kyowa Bank, Ltd; The Mitsubishi Bank, Ltd; The Mitsui Bank, Ltd

#### A Web of Partisan and Factional Interests and Considerations Stalls Legislation of the NTT Reform Bill--Deliberations To Be Carried Over Into the Next Diet Session

The party most vehemently opposed to the NTT Reform Bill was the Socialist Party of Japan. The position of the party, from the beginning, was that it is like selling out the corporation that has been run on people's taxes to industry and that the corporation might repeat a folly of KDD who donated large sums of money to influential politicians. But the opinion of the All Japan Telecommunications Workers' Union (ZENDENTSU), one of the powerful supporters of the Socialist Party of Japan, was, "We are in favor of the bill if satisfactory revisions are made on it and check mechanisms are incorporated in it (according to chairman Yamagishi)."

The All Japan Telecommunication Workers' Union had been calling for lifting of the restraints on the right to strike, while seeking an increase in the capacity of NTT management to make decisions on their own or negotiate with

the union so that the corporation would be able to compete against private enterprises on an equal footing once it has been privatized. The issue had been solved in the House of Representatives deliberations with a large-scale concession by the Liberal-Democratic Party (LDP) that "a review will be made of the legislation prohibiting the NTT workers to strike after 3 years"--an ambiguous promise to begin with. With this, the All Japan Telecommunication Workers' Union tilted measurably toward seeking legislation of the NTT reform bill, and a tug of war was on between the union and the Socialist Party of Japan on the floor of the House of Councilors.

On 1 August, the Upper House Socialist Party of Japan presented the Upper House LDP with a draft of their own, which called for revisions on the proposed NTT reform bill made on such issues as the legislation denying the NTT workers the right to strike and the permissible rate of foreign capital of one half in large-scale VAN enterprises. The Upper House Socialist Party of Japan had earlier decided to shelve the session for the NTT reform bill on the grounds that there were too few days left in the current Diet session to act on the bill, but it anyway had negotiations with the Upper House LDP because "the All Japan Telecommunication Workers' Union strongly desired passage of a revised bill in the current Diet session." But, the subsequent reply from the Upper House LDP was far short of a revision, and the stage moved to talks between the chairmen of the ruling and opposition parties on the Diet Administration Committee. Facing pressure from the All Japan Telecommunication Workers' Union calling for "legislation of the bill by all means in the current Diet session" and his own party's Diet Administration Committee, chairman Seigo Oki of the Committee on Communications who was a former member of the All Japan Telecommunications Workers' Union at one time expressed his desire "to quit."

As to the true reason why the NTT reform bill has been shelved until the next Diet session, a view however is strongly held that "with the important bills such as the bill for the revision of the Health Insurance Act and the bill for the establishment of an extraordinary commission on education having passed the Diet one after another, there is no reason at all to credit Prime Minister Nakasone with additional scores" (according to a Socialist Party of Japan leader).

Another opinion on the other hand has it that groups not belonging to Prime Minister Nakasone within the Liberal-Democratic Party dragged their feet in order to prevent legislation of the bill. Their rationale is that "we will be giving Prime Minister Nakasone too much to allow him to win a perfect game."

According to an informed source, with the election for the LDP president coming in the fall, the factions led by Tanaka, Suzuki, Fukuda, and Komoto have resorted to action to "rein in Nakasone."

Moreover, the LDP leadership's contemptuous attitude toward the House of Councilors rankled the opposition parties as well as the LDP in the Upper House. The Upper House members took it that the LDP leadership was dictating to them: "You should accede to what the House of Representatives has decided." (According to an informed source)

Furthermore, there were black rumors circulating around that money flowed from the interested industries. Anyway, the NTT reform bill is to be deliberated in the ordinary Diet session scheduled in December.

#### Movements Centered on Nippon Telegraph and Telephone Public Corporation

##### July

- 15 The CAPTAIN system experiment started in December 1979 has been completed. A total of 367 corporations and bodies have participated in it.
- 15 The projected "Second NTT Plan" (Daini Den-Den project) being promoted by Kyocera Corporation and its group firms up its policy to increase its capital at a public offering even before it goes into operation, in order to raise 60 billion yen of funds for plant and equipment.
- 15 At a regular meeting of the All Japan Telecommunication Workers' Union, Yamagishi, chairman of the union, emphasizes his determination to make an all-out effort for winning revisions made on the NTT reform bill by stating, "Provided satisfactory revisions and check mechanisms are incorporated in the NTT reform bill, we are not necessarily opposed to its legislation in the current Diet session."
- 16 The Communications Industries Association of Japan (Chairman: Takuma Yamamoto) arrives at a consensus opinion that the "Supplement. Objective-Achieving Businesses" in the NTT reform bill "be subject to approval as in the original draft bill by the Minister of Posts and Telecommunications, so that fair and just judgment of the government is brought into action," and representatives of the association call on the three executive officers of the Liberal-Democratic Party and others for lobbying their cause.
- 16 The Liberal-Democratic Party gives a reply to the Socialist Party of Japan's demand calling for revisions to be made on the NTT reform bill that the Liberal-Democratic Party basically is not able to comply with the Socialist Party of Japan's demand; it is ready to present a supplementary resolution to the Diet session.
- 17 As for the "Supplementary business needs approval" system, the Liberal-Democratic Party presents a compromise plan, exempting supplementary businesses from the category requiring approval by the Minister of Posts and Telecommunications. For the time being, sales of terminal equipment alone will come under the application of the system.
- 17 A party is held in commemoration of the inauguration of the "Highway New Industry Development Organization," an organization established under the leadership of the Ministry of Construction.
- 17 The Mitaka City government decides to develop, in a joint effort with A.S.I Soken Co. (president: Masato Yamano), a system for computerizing its paper work, such as the ledger registering the citizens. The system is scheduled for installation by the end of 1985.

- 18 All ruling and opposition parties agree on the revision of the NTT reform bill, except for disagreement on "restraints placed on the right to strike."
- 18 The Socialist Party of Japan firms up its policy to cast its vote on the NTT reform bill. The party's turnaround is based on the following:  
(1) Revisions on other items (except the right to strike) have been attained. (2) It is easier to press for a revision in the Upper House.
- 19 The Committee on Communications in the House of Representatives approves the NTT reform bill, with the Liberal-Democratic Party, Komeito (Clean Government Party) and the Japan Democratic Socialist Party casting a vote in favor of the bill. As for the "restraints placed on the right to strike," the Liberal-Democratic Party makes a great concession pledging that "a review will be made on the clause banning strike 3 years from now." Because the Socialist Party of Japan is seeking abolition of the restraints placed on the right to strike, the party opposed the NTT reform bill but gives its approval to another focal issue, "supplementary business."
- 20 The NTT reform bill passed the House of Representatives.
- 24 A Japan Federation of Economic Organization (Keidanren) survey reveals that when the communications business is liberalized, more than 60 percent of the companies questioned have replied that they will use a second NTT provided the tariff rates are 30 percent lower than those charged by the newly reorganized NTT.
- 24 The Committee on Communications in the House of Councillors starts discussion on the NTT reform bill.
- 25 It has been made public that the three corporations of Tokyu Department Store Co, Ltd, Hitachi, Ltd, and The Fuji Bank, Ltd, will start a joint experiment toward practicalization of INS, with Tokyu Kichijoji Store as the base station.

#### August

- 1 A project team on information and communications of the Socialist Party of Japan in the House of Councillors comes up with a report demanding revisions on more than 10 provisions of the NTT reform bill. The salient points are: (1) The supplementary provisions to the Labor Relations Adjustment Act prohibiting the right to strike should be rescinded; (2) Registration should be denied to enterprises which have foreign capital above one half of their capital stock in the field of large-scale business.
- 2 The Liberal-Democratic Party in the House of Councillors gives a reply to the Japan Socialist Party in the House of Councillors demand calling for revisions of the NTT reform bill. Similar to Prime Minister Nakasone's answer before the Committee on Telecommunications in the House of Representatives, the Liberal-Democratic Party reply says, "We understand that it means a review will be made of the provision, including its abrogation." On the issue of not approving of enterprises with a foreign equity investment that exceeds one half of their capital in the large-scale VAN business, the reply refuses the Socialist Party of Japan demand.

- 3 In connection with the NTT reform bill, the Liberal-Democratic Party leadership says, "Although we cannot accede to a demand calling for introduction of provisions that place restraints on entry by foreign capital, we are ready to make new concessions, for example, on such issues as the restrictions on the right to strike, provided bright prospects are had of the bill's passage in the current Diet session."
- 4 The Committee on Communications in the House of Councillors convenes a meeting of its board of directors to discuss the time schedule for deliberations of the NTT reform bill.
- 6 The Committee on Communications in the House of Councillors convenes a meeting of its board of directors from the evening on and off. To the Liberal-Democratic Party proposal that "it is requested that after completing a joint examination with the Committee on Finance and others within the 7th, the bill be put to a vote after final questions and answers on the 8th." The Socialist Party of Japan, the Clean Government Party (Komeito) and the Japanese Communist Party reject the LDP proposal on the ground that "the question and answer session on the bill has yet to fully run its course, and the issue needs to be deliberated carefully." The Japan Democratic Socialist Party (Minshato) falls into line with the Liberal-Democratic Party.
- 7 It is decided the NTT reform bill will be carried over to the next Diet session. From the standpoint of expediting legislation of the bill, the Liberal-Democratic Party expressed its intention to convene an extraordinary Diet session over the period from late September to October.
- 8 A plenary session of both houses of Diet brings the 101 Extraordinary Session to a close after deciding to carry over to the next Diet session deliberations on the NTT reform bill. The Liberal-Democratic Party asserts that the term of the extraordinary Diet session to be held in October be about 2 weeks.
- 8 The All Japan Telecommunication Workers' Union strongly criticizes the posture of the Socialist Party of Japan in the House of Councillors. Union chairman Yamagishi sends an open letter to Socialist Party of Japan chairman Ishibashi, and expresses his strong regret saying, "All that mattered were ostentatious arguments, such as the lack of hours for conducting deliberations and upholding the authority of the House of Councillors, and the objective was from the beginning to carry the deliberation on the bill over to the next Diet session."
- 9 The ruling and opposition parties reach an agreement that the NTT reform bill will be discussed at the beginning of the ordinary Diet session to be held in December and will be enacted into law.
- 9 Based on its judgment that privatization of the NTT from April of the next year is a certainty, the All Japan Telecommunication Workers' Union decides to start a review of labor-management agreements.

- 9 It becomes apparent that from the national security reason, the Pentagon is seeking strict standards in approving the export of supercomputer by U.S. Cray Research Inc (headquartered in Minneapolis, in Minnesota) to NTT.

20,114

CSO: 4105/175



## ECONOMIC

### JAPANESE DISTRIBUTION SYSTEM CALLED COMPLICATED, INCOMPREHENSIBLE

Tokyo LOOK JAPAN in English 10 Dec 84 pp 10-11

[Article by Shuzo Koyama, general manager, Research Division, Research Institute of Retail Industry and Distribution System]

[Text]

Foreign businessmen comment that the Japanese distribution system is complicated and incomprehensible. Unfortunately, many have formulated their opinions from the outside looking in and have made little effort to research the real conditions. As such, it is likely that Japan's distribution system is difficult to understand.

It is true that some aspects of the distribution system in Japan may be overly complex. For example, the large number of wholesalers and the business institution of returning goods complicate retailing in Japan.

#### Historical and Cultural Reasons

However, it is unlikely that the government's intention is to delay the modernization of the distribution system, thereby causing the prices of goods in Japan to remain high. I feel that the belief that the Japanese government purposely delays modernization in order to prevent the entry of foreign products is a serious misconception.

Rather, the distribution-service industry has retained the character of Japanese local industry, and as such change and internationalization can not take place easily. This is the point around which misunderstanding arises. In order to resolve the problem of trade friction, we should give priority to removing such misconceptions.

Distribution systems are based on a nation's history and culture. It is not possible to merely discuss which country's distribution system is advanced or not. Instead, I believe it is more important to understand the differences between the countries' systems of distribution, thereby arriving at a solution to trade friction.

Twenty five years have passed since Japan entered into its period of high economic growth. During this period, production, distribution and consumption were transformed. Japan's productive capacity increased rapidly and a system of mass distribution was created in response to consumers' demands.

In this paper, I intend to point out the characteristics of the Japanese distribution system and market structure, by clarifying where the distribution system has changed and where it has remained the same. In my conclusion, I will suggest ways in which foreign goods and capital can be brought into Japan.

The Japanese economy entered into the period of high economic growth during the early 1960s. The system of mass production was established and large quantities of household electrical appliances such as televisions (black and white), washing machines, refrigerators and clothing were manufactured. This development was labeled the "consumer boom" or the "consump-

tion revolution." The second consumption revolution took place during the latter half of the 1960s, centering on the manufacture of consumer durables, such as automobiles, air conditioners and color TVs. These products soon led Japan's business activity. In the 1970s, we experienced the first oil crisis precipitating a time of economic adjustment. Today Japan is experiencing stable economic growth.

Following the establishment of the mass production system and the consumption revolution, Japan experienced a so-called "distribution revolution." Because both the mass production system and the mass market were in place, it was forecast that the Japan's distribution sector would be compelled to transform itself in order to operate effectively in the new era of mass production. These views were first presented in scholarly form. For example, in the U.S., P. F. Drucker issued a thesis entitled *Dark Continent of Economy* in 1962. In the same year Prof. Shuji Hayashi of Tokyo University published a book entitled *The Distribution Revolution*.

The traditional Japanese distribution structure consists of many small-scale wholesalers and retailers. As far as large-scale distributors were concerned, only general trading firms and a few large wholesalers existed. In addition, in the retail sector, there were only a small numbers of department stores. Given this conditions, many quarters forecast that a new, mass distribution system would be necessary to meet the age of mass production and consumption. They felt the former "narrow and long distribution channel" would be transformed into a "wide and short distribution channel." Details of the forecast were: (1) wholesalers would decrease in number, (2) large-scale supermarkets would rapidly grow in number, and (3) the role of general trading firms would diminish.

Twenty years have passed since these predictions. Did the transformation of Japan's distribution system take place? Which portions of the forecasts did not come about?

### Changes in Traditional System

First, let us examine, at the points at which change took place. What developments occurred in the retail industry?

Large scale operations, such as supermarkets (general merchandise stores), developed during the 1960s and have increased in number. Supermarkets have become more successful than traditional department stores with 100 year histories, such as Daimaru, Mitsukoshi and Takashimaya. Chained superstore enterprises, such as Daei, Itôyokado, Seiyū, Jaseo, and Nichu are ranked at the top of the retail business. During the last 10 years, large- and medium-scale supermarkets, convenience stores and home centers have rapidly increased in number.

Before the distribution revolution, department stores were the only large-scale retailers in Japan. Their combined share of sales was about 9% in the retail market, but it has declined to 7.5% today. By contrast, the market share of large self-service style supermarkets, super stores, and home centers has risen approximately to 15.5% and occupies about 40% to 50%, particularly in the food sector. True to the forecast of the distribution revolution, large-scale enterprises and chain stores have expanded their business power.

Second, the number of manufacturer-affiliated retail shops has increased. The marketing strategy of Japanese manufacturers was based on the following three points: (1) to enhance the tendency for high quality, brand name goods, (2) to advertise widely, and (3) affiliation policy of distribution channels. Manufacturers of household electrical appliances, automobiles and toiletries have increased their profits by raising the number of retail outlets selling their products.

### Unchanged: A Large Number of Wholesalers

Given these changes in the traditional Japanese distribution sector, what areas have remained the same despite the expectations of the distribution revolution? The characteristics of Japan's traditional distribution system were: (1) insufficiency and excessiveness of engaged businessmen, (2) long and narrow distribution channels with multi-layered stages, and (3) low productivity.

The first point retained its traditional characteristics. The number of wholesalers in Japan has not decreased.

Instead, their numbers have increased drastically. The number of whole salers in Japan has increased by 60,000 during 1979 to 1982. At present there are 1,730,000 retailers and 400,000 wholesalers, or one wholesaler per four retailers. Hence, the proportion of whole sale business is quite high in Japan.

The traditional Japanese distribution system was developed by the wholesale business.

Despite their large numbers, it is not right to conclude that the Japanese distribution system is undeveloped due to the high proportion of wholesale business. For example, in Korea, the proportion of wholesale business is very low. Yet we cannot say that Korea's distribution system is more advanced than Japan's because of that reason. I feel the large quantity of wholesale business should be regarded as a characteristic of the Japanese economy.

The second point that remained is that in spite of the rapid increase of large-scale shops represented by super markets, small retail shops have not decreased. Rather, their numbers have steadily increased. In Europe, while the transformation to large-scale shops has proceeded on the retail business level, small shops have tended to decrease in number. This has not occurred in the Japanese case. Large-scale shops have developed while the number of small retail outlets has also increased. Nonetheless, the character of the small retailer has changed a great deal.

As the economy has developed, the number of small retail shops selling everyday goods has decreased, while those outside this category have increased comparatively. Many Japanese retailers own both building and land on which their establishment stands. As such there are many cases in which the business remains open despite economic difficulties. In addition, opening a retail shop is easy in Japan, except in such cases where the business must be registered with the government, as is true of rice, liquor, and drug stores. The ease with which small businesses can begin operations accounts for the increasing number of small retailers.

The third point remaining unchanged is the fact that trading firms have expanded and developed their business, contrary to expectations. They have grown despite the theory of declining trading firms. They have found new functions performing trilateral trade and development of natural resources and importing.

## Heavy Reliance on Commercial Business

Why is commercial business important in Japan? First, consumers' demands are large and varied, inducing the development of many market types. Japanese life style, as is well known, is a mixture of Japanese and Western styles. Japanese people keep a larger variety of goods at home than Westerners.

Second, manufacturers and consumers have come to rely heavily upon the commercial business sector.

Third, it is easy to enter the business field.

Commercial distribution systems are based on a country's native economic, social, historical, and cultural background. As such, it is incorrect to label one system advanced and another backward. In order to determine the degree to which the distribution system of a certain country is innovative or conservative, one should study to what extent the system is open to change in the industrial structure and in consumption behavior. One should study the "flexibility" or "dynamism" of the particular distribution system.

If one analyzes the Japanese distribution system, one will find that it is highly flexible. For example, in the last ten years the American food industry, in particular McDonalds and Denny's, have developed a firm consumer base in Japan. The U.S. convenience store Seven Eleven has more than 2,000 outlets and has become one of most profitable retail operations in Japan. Given these examples, one can see that the Japanese distribution system is quite responsive to change.

The structure of the pliable Japanese distribution system was basically determined by the existing market characteristics. While the large-scale department stores, supermarkets, and small-scale chain stores have expanded, the neighborhood family store has remained a characteristic of the Japanese market. Wholesalers' varied inventory and ability to deliver goods play an important role.

## The Finicky Japanese Consumer

What are the characteristics of the Japanese consumer? First, his tastes are distinctive. The generalization and diversification of consumption took place simultaneously. If one looks at the

leaves market, the normal Japanese style is the bottled or canned leeks in different shapes and sizes. Although the difference in taste itself among the brands may be slight, more than a dozen types of leeks are in the market, competing with each other.

The second characteristic of the consumer is his desire for high quality goods. Although a trend for low priced goods can also be detected, the general Japanese consumers are quite sensitive about the quality of goods they buy.

During the postwar period, Japanese industrial growth was based on the exportation of inexpensive goods. This image is in contrast with the present when Japanese products are seen as high quality goods throughout Japan. Japanese consumers demand for quality resulted in the development of Japanese style management and raised the level of Japanese products.

Third, Japanese consumers tend to purchase in small amounts. People buy a small quantity of various products frequently. The typical Japanese housewives go to the supermarket once every two or three days. As a result, retailers take small lots and divide them into smaller packages in order to meet varied consumers' preference. As a result, suppliers are required to offer frequent delivery of small lots.

Fourth, the Japanese tend to favor brand names, particularly those with an elegant or expensive image. For example, the demand for prestigious European articles is very high. The amount of money that more than one million Japanese tourists spend abroad on such articles must be enormous. However, the Japanese people's taste in brand names has been diminishing recently, resulting in a more pragmatic brand decision.

Though the Japanese distribution system may be complicated and somewhat prehensile in comparison to that of other countries, it has met the Japanese consumers. It has allowed the existence of both large and small scale stores for the consumers' wide range of shopping possibilities.

Given Japan's economic structure and market opportunity, I would like to recommend the following conditions to

those wishing to enter the Japanese market:

### Advice for Foreign Companies

1. Most important, the businessman must understand the characteristics of the Japanese market.

2. He should have a Japanese business partner. For foreign companies, the partner may be a distributor or a manufacturer. Either is satisfactory.

3. If he selects a Japanese distributor as his partner, he must be prepared for sharing his fate with it. Commitment in a business relationship is essential in Japan.

4. It is important to enter into the Japanese market with a long term strategy. Short term planning is unlikely to meet with success.

5. It is essential that the foreign company establish a sales system that not only promotes their products but also provides services such as after sales services and information.

6. In Japan, an individual sales method is desirable. Salesmen should endeavor to establish good lines of communication with their customers.

7. Customer service is absolutely necessary when doing business in Japan.

8. The businessman should conduct a global market study prior to beginning to work in Japan.

9. It is important to establish a system of over-the-counter feedback from retailers.

Because production, distribution and consumption develop balancing each other, the idea that Japan's distribution system alone is undeveloped is clearly incorrect. Even so, Japan should also endeavor to establish a distribution system retaining its base in local communities that at the same time is understandable internationally.

## What Is RIRI?

The Research Institute of Retail Industry and Distribution System

RIRI is a non-profit organization established in 1969 to prove a theoretical foundation and provide information on effective practices for rationalization and modernization of the Japanese distribution system.

RIRI recognizes that the traditional approaches to the problems have been unsystematic and represented the diverse viewpoints of individuals. In order to overcome this, the institute has tried to integrate theory and actual practices with a systematic, fundamental approach.

RIRI has set up study groups of specialists from political, economic, governmental and academic fields concerned with retail industry and the distribution system. The organization publishes irregularly a series of study reports entitled "Study of the Retail Industry" and a general monthly magazine called "Journal of the Retail Industry". Seminars are held regularly on current topics and programs of lecture and symposium are also held with appropriate themes for the day.

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## ECONOMIC

### CALLS FOR MORE GOVERNMENT SUPPORT OF BASIC RESEARCH

Tokyo LOOK JAPAN in English 10 Dec 84 p 12

[Interview with Isamu Yamashita, chairman, Mitsui Engineering and Shipbuilding Company]

[Text]

*Isamu Yamashita is the Chairman of Mitsui Engineering & Shipbuilding Co. With his long experience in managing a company whose R & D programs have been critical to its success, Yamashita has developed his own philosophy of technology and economic growth in individual companies, nationally, and internationally.*

*A Look Japan reporter talked to Yamashita about Japan's science and technology policy, and heard his thoughts on what Japan can do for technology transfer to other countries.*

#### **The Trouble With Japan's Technology Policy**

**Look Japan:** Taking a global view, what do you think Japan's science and technology policy should be?

**Isamu Yamashita:** Japan's science and technology policy, like its industrial policy, has been regarded as one that functions well under the guidance of the government. This is because it concentrates the efforts of government and all others on specific themes, such as the project to develop the fifth generation computer system. I would like to point out, however, that there are many inefficient aspects in our seemingly well-functioning science and technology policy. Many of these inefficiencies are holdovers from the Meiji era (1868-1912).

Under the policies of the Ministry of Education and other ministries and governmental agencies, scientific research on various topics has long been conducted separately at various universities and government research institutes. As

a result, academic specialists often have no incentive to move on to new themes even when the old themes they have been researching become obsolete.

Private companies, however, immediately cut funding for research themes that are not promising or are judged obsolete, even if they are still in the midst of research. The savings are then invested in new fields.

We have to avoid falling into a rut. Thus I am always proposing that we work out a method for evaluating how to conduct research best. I'm sure that based on the evaluation method, we can take up quite a few areas of research and items in which the government is inefficiently engaged, and I hope that the saved energy will be directed toward new research fields.

**IJ:** What should the role of Japan's government and private sector be in promoting science and technology?

**Yamashita:** In Japan, about 55% of scientific research carried out at univer-



shares is in basic research, 35% is for applications, and the remaining 10% is for technology-development research. At national research institutes, the shares are 15% for basic research, 35% for applications and 50% for developmental research. The private sector typically invests only 5-6% of its research budget in basic research, 20% for applications research, and the remaining 75% or more in developmental research. Japan as a whole spends ¥6 trillion (\$25 billion) for R&D per year, and only 24% of this amount is borne by the government. This situation has naturally led to Japan's lagging behind other countries in basic research. In those industrially advanced countries, R&D funding by the government has been quite high in comparison with Japan.

### **A Greater Role for Universities In Basic Research**

Private companies, which pursue profits by selling products, advance research mainly at the developmental stage. I think that the research institutes of universities should have the main responsibility for basic scientific research—the pursuit of truth. Also, national research institutes should help bear the burden of this primary research. A key for promoting science and technology in Japan is thus basic research at universities and national research institutes. We also need to strengthen relationships among government, academia, and the private sector in order to make the most of the private sector's vitality. One way to realize an expert relationship among the three sectors is to conduct research under something like a national development project.

### **Transfer of Technology**

**Q:** How do you interpret international cooperation in research and development in the field of technology?

**A:** Yamashita: Japan has been actively participating in international cooperation in research and development projects involving those among the Summit member countries and the nonmember countries. I believe it is natural that Japan should continue to be active in such projects.

Broadly speaking, there are three areas for cooperation in scientific and technological research. The first area is the basic level of academic research. The second is developmental research, and the third is the area of applied technologies with which private enterprises develop their products. The international transfer of technology is largely concentrated in this third area, where technologies have been developed on a commercial basis by private enterprises at their own expense. Therefore, the decision to transfer or license such technologies depends entirely on the strategy of the private enterprise.

So, as for international cooperation in this area, private companies decide by themselves whether or not they want to participate. Although cooperation projects can be expected to contribute to the transfer of technologies to developing countries, participants naturally take the possible boomerang effects into account in the beginning.

In Japan's developmental stage, while we paid considerable sums to acquire foreign technology or to have technological tie-ups with foreign advanced companies, we encouraged our private companies to develop their own technologies and products.

International scientific and technological cooperation in basic research can be promoted through universities and national research institutes, not only in industrially advanced countries but also in developing countries.

### **Market Sharing: Japan and the U.S. as One Economic Unit**

**Q:** Considering Japan's changing industrial structure, what key technologies and industries do you think should be promoted to improve overall progress?

**A:** Yamashita: There are more than 300 million people in the combined U.S. and Japan labor force, and they have tremendous purchasing power. We should always be conscious of the overwhelming impact of this group on the global economy.

Developing countries are also becoming major producers. But the products of Japan and the U.S. must find markets somewhere in the world. How are Japan and the U.S., as one great economic unit, going to share this market? Japan and the U.S. should discuss their future roles

as the world's industrial structure changes rapidly, not only from the perspective of balancing U.S.-Japan trade, but also to anticipate the reorganization of Japanese and U.S. industries. As the newly industrializing countries of Asia and Europe develop, we have now reached the stage where we must view the global economy by taking not only Japan-U.S. work-sharing into account, but also that of the entire world.

As for high technologies — the most promising industries for both Japan and the U.S. — we need to take a long term view. Even now, the U.S. produces almost no video-tape recorders and Japan manufactures almost no airplanes. A kind of binational division of labor has already started. Whether we are content with work-sharing merely as a result of competition, or chose to adopt as a conscious plan the principle of work-sharing in a broader sense, by taking into consideration the development around the world, depends on whether or not the peoples of the two nations are wise enough to take such an international viewpoint.

CSO: 4100/232

ECONOMIC

BRIEFS

TRADE DISCUSSIONS--Osaka, 4 February (KYODO)--Japanese and West German industrialists will meet in Frankfurt on 4 and 5 June to discuss trade, technological development and financial and capital market liberalizations. Hosai Hyuga, president of the Kansai Economic Federation (Kankeiren), told newsmen that he would call on other local economic federations in Hokkaido, Western Japan, and Kyushu to take part in the projected meeting. The Japanese group will be led by Hyuga and sub-led by Nihachiro Hanamura, vice president of the powerful Federation of Economic Organizations (Keidranren), he said. Keidranren and the Federation of Germany Industry joined Kankeiren and the Association of German Chambers of Industry and Commerce in sponsoring the meeting, the 10th of its kind, held in Tokyo last year. The ninth meeting in the previous year was sponsored only by the Kankeiren and the association. [Text] [Tokyo KYODO in English 1055 GMT 4 Feb 85 OW]

AID TO THAILAND--Tokyo, 5 February (KYODO)--Japan will grant Thailand aid totaling 100 million yen (384,600 dollars) to improve its research on semiconductors and provide facilities for teaching of the Japanese language. Notes to this effect were exchanged Tuesday between the governments of the two countries. Of the total, half will be spent for materials to improve electrical engineering studies on semiconductors at the state-run Chulalongkorn University. The rest will be used for acquisition of Japanese language laboratory equipment. [Text] [Tokyo KYODO in English 1100 GMT 5 Feb 85 OW]

LOANS TO PAKISTAN--Tokyo, 5 February (KYODO)--The Japanese Government will extend loans of 32.28 billion yen (124 million dollars) to Pakistan to help stabilize and develop its economy, government officials said Tuesday. The terms, such as interest rate and redemption period, are to be settled in forthcoming discussions between both governments, the officials said. The loans consist of commodity lending of 8.5 billion yen (33 million dollars) and two project loans, one for a heavy-oil-fired power plant about 150 kilometers north of Karachi worth 8.97 billion yen (34.5 million dollars) and one for renewal of 50 diesel locomotives at 14.8 billion yen (56.9 million dollars), they said. [Text] [Tokyo KYODO in English 0730 GMT 5 Feb 85 OW]

RICOH MEMORY CHIPS--Tokyo, 5 February KYODO--Ricoh Co is starting the quantity production of power-saving 256 kilobit dynamic random access memory chips (256K d-rams) for general use this summer, the company said Tuesday. A company spokesman said 256K d-rams, of the CMOS (complementary metal oxide

semiconductor) type, would be produced under a license agreement with California's Modular Semiconductor Inc. The new chip, produced with 1.5-micron superfine fabrication technology developed by the California venture business, is the smallest of all 256K d-rams, the spokesman said. He said the new product, whose access time (the time it takes to read or write on a storage medium) is below 100 nanoseconds (a billionth of a second), is the fastest of its kind in the world. He, however, refused to reveal further details of the new chip, including the exact access tie, the exact size of the production plan. [Excerpt] [Tokyo KYODO in English 0654 GMT 5 Feb 85 OW]

YEN SUPPORT MEASURES CONSIDERED--Tokyo, 6 February (KYODO)--Satoshi Sumita, governor of the Bank of Japan, indicated Wednesday the possibility of raising money rates, including the official discount rate, to stem the acceleration of the yen's depreciation against the dollar. "If the yen depreciates further against the dollar, we'll have to think of manipulating the official discount rate and invoking the 'non-basic loan system' to help the yen," Sumita told a press conference. The non-basic loan system was created in March 1981 to stabilize foreign exchange markets by temporarily jacking up interest rates on loans by the Central Bank. But it has never been put in action, even when the yen depreciated to the level of near 280 yen to the dollar in 1982. But Sumita also said there is no reason for further depreciation of the yen on the part of the Japanese currency. "The recent yen-dollar exchange rate is a reflection of foreign exchange markets' overreaction to firming U.S. interest rates, and won't last long," he said, adding that "I don't think the yen will depreciate further to the level of 270 yen." [Text] [Tokyo KYODO in English 1112 GMT 6 Feb 85 OW]

PRC REFRIGERATION PLANT ORDER--Tokyo, 6 February KYODO--Kurabo Industries Ltd, a leading textile manufacturer, said Wednesday it has received a 400 million yen (1.5 million dollar) order from the China National Machinery and Equipment Import and Export Corp for plant facilities to assemble large-scale freezers. The facilities comprise all equipment to assembly the large refrigerators using thermal insulation panels injected with rigid polyurethane and extrusion molding machines for finyl chloride, Kurabo said. The freezers are used for storage of vegetables and fish in China and Mongolia, it said. [Text] [Tokyo KYODO in English 0825 GMT 6 Feb 85 OW]

SKYSCRAPER DESIGN TECHNOLOGY--Tokyo, 6 February KYODO--Shimizu Construction Co and Nissho Iwai Corp Wednesday formally agreed to help China acquire technology to build steel-frame high-rise buildings through establishment of a joint venture. The signing took place the same day in Beijing. A Shimizu spokesman said the company to be set up under the 10-year deal with the China International Trust and Investment Corp and a building planning corporation in Beijing will engage in computer-based design and related consulting on building skyscrapers, not only in China, but also in Southeast Asia. The first such joint company between the two countries, to be capitalized at 1 million dollars, will be owned 30 percent by Shimizu, 10 percent by Nissho Iwai and the rest by the Chinese side. China, void of technology to build tall steel-frame buildings, has been eager to introduce such technology from Japan. [Text] [Tokyo KYODO in English 1133 GMT 6 Feb 85 OW]

AID TO MADAGASCAR--Japan will grant Madagascar aid totaling 600 million yen (2.3 million dollars) to help that country's efforts for self-supply in food, the Foreign Ministry said Thursday. Of the total, 420 million yen (1.6 million dollars) will be spent for improving agricultural transport capability regarding grains and meats. The remainder, 180 million yen (700,000 dollars) will be set aside for agricultural development in west-central part of the country to disseminate agricultural technology and create farming land. [Text] [Tokyo KYODO in English 1123 GMT 7 Feb 85 OW]

LEASING COMPANY IN SHANGHAI--Mitsui and Co will join two Chinese organizations in setting up a leasing company in Shanghai, informed sources said Saturday. A formal agreement is expected to be signed in Beijing Wednesday, with Mitsui becoming the first Japanese trading company to acquire a stake in such a Chinese company. The Chinese partners are the China Investment Bank and the China National Technical Import Corporation. The venture is to be capitalized at 3 million dollars, allocated equally between the three shareholders. The company plans to provide customers with machinery, vehicles and buildings, mostly under lease-purchase contracts, the sources said. [Text] [Tokyo KYODO in English 0131 GMT 9 Feb 85 OW]

SUPPLEMENTARY BUDGET--Tokyo, 9 February KYODO--The House of Representatives approved an 886.1 billion yen (3.4 billion dollar) fiscal 1984 supplementary budget featuring additional spending on disaster relief and pay hikes for public servants. The budget is expected to be endorsed by the upper house Wednesday following 2 days of Budget Committee debate. It calls for expenditure of 187.9 billion yen (722.7 million dollars) on reconstruction work in disaster-hit areas and 144.8 billion yen (556.9 million dollars) on pay increases for government employees. These and other programs will be financed by bond offerings of 185.0 billion yen (711.5 million dollars) and additional tax revenue of 239.0 billion yen (919.2 million dollars). [Text] [Tokyo KYODO in English 0650 GMT 9 Feb 85 OW]

KEIDANREN TO VISIT PHILIPPINES, THAILAND--Tokyo, 11 February KYODO--A mission of the Japan Federation of Economic Organizations (Keidanren) left here for Manila Monday to discuss economic cooperation with members of the Association of Southeast Asian Nations (ASEAN). Keidanren's second ASEAN tour mission led by Chairman Yoshihiro Inayama will visit the Philippines and Thailand following its first mission which toured Malaysia, Indonesia and Singapore recently. The mission will meet Philippines President Ferdinand Marcos, Thai Prime Minister Prem Tinsulanon and other political and business leaders of the two countries before returning home Saturday. [Text] [Tokyo KYODO in English 0507 GMT 11 Feb 85 OW]

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